

# WEATHERFORD INTERNATIONAL LTD

## 10-K

Annual report pursuant to section 13 and 15(d)

Filed on 02/24/2009

Filed Period 12/31/2008



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UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION  
Washington, DC  
20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR  
15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-31339

**WEATHERFORD INTERNATIONAL LTD.**

*(Exact name of registrant as specified in its charter)*

**Bermuda**

*(State or other jurisdiction of incorporation or organization)*

**98-0371344**

*(IRS Employer Identification No.)*

**515 Post Oak Boulevard  
Houston, Texas**

*(Address of principal executive offices)*

**77027-3415**

*(Zip Code)*

**Registrant's telephone number, including area code:  
(713) 693-4000**

**Securities registered pursuant to Section 12(b) of the Act:**

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
Common Shares, \$1.00 Par Value	New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act:**

**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

**Note** — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer  Accelerated Filer  Non-Accelerated Filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of June 30, 2008 was approximately \$28 billion based upon the closing price on the New York Stock Exchange as of such date.

Indicate the number of shares outstanding of each of the registrant's classes of common shares, as of the latest practicable date:

<b>Title of Class</b>	<b>Outstanding at February 20, 2009</b>
Common Shares, \$1.00 Par Value	697,825,884

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain information called for by Items 10, 11, 12, 13 and 14 of Part III will be included in an amendment to this Annual Report on Form 10-K or incorporated by reference from the registrant's definitive proxy statement for the annual meeting to be held on May 7, 2009.

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## PART I

### Item 1. *Business*

Weatherford International Ltd. (NYSE:WFT) is one of the world's leading providers of equipment and services used in the drilling, evaluation, completion, production and intervention of oil and natural gas wells. We were originally incorporated in Delaware in 1972, and as a result of our corporate reorganization in 2002, are now incorporated in Bermuda. Many of our businesses, including those of Weatherford Enterra, have been operating for more than 50 years. We anticipate that, during the first quarter of 2009, we will complete a transaction in which Weatherford International Ltd., the Bermuda exempted company ("Weatherford-Bermuda"), will become a wholly-owned subsidiary of Weatherford International Ltd., a Swiss joint-stock company ("Weatherford-Switzerland"), and holders of our common shares will receive one registered share of Weatherford-Switzerland for each common share of Weatherford-Bermuda that they hold.

When referring to Weatherford and using phrases such as "we" and "us," our intent is to refer to Weatherford International Ltd. and its subsidiaries as a whole or on a regional basis, depending on the context in which the statements are made.

We operate in approximately 100 countries, which are located in nearly all of the oil and natural gas producing regions in the world. Our operational performance is segmented and reviewed on a geographic basis, and we report the following regions as reporting segments: (1) North America, (2) Latin America, (3) Europe/West Africa/the Commonwealth of Independent States ("CIS") and (4) Middle East/North Africa/Asia.

Our growth strategy has included a mix of organic product and service development, the acquisition of key technologies, products and services and several notable divestitures. One of our most substantial acquisitions was in August 2005, when we acquired Precision Energy Services and Precision Drilling International. Precision Energy Services broadened our wireline and directional capabilities and strengthened our controlled pressure drilling and testing product lines. Precision Drilling International added land rigs to our portfolio, primarily in the Eastern Hemisphere.

Our divestitures include the April 2000 spin-off of our Drilling Products Division to our shareholders through a distribution of the stock of our Grant Prideco, Inc. subsidiary. In February 2001, we completed the merger of essentially all of our Compression Services division into a subsidiary of Universal Compression Holdings, Inc. in exchange for 13.75 million shares of Universal common stock. During 2004 and 2005, we sold our interest in Universal Compression Holdings, Inc. In 2005, we sold our non-core Gas Services International compression fabrication business. In 2008, we finalized the divestiture of our oil and gas development and production business.

Our principal executive offices are located at 515 Post Oak Boulevard, Houston, Texas 77027 and our telephone number at that location is (713) 693-4000. We anticipate relocating our principal executive offices to Switzerland in the first quarter of 2009. However, certain corporate functions, including our U.S. Investor Relations department, will remain at the foregoing address and telephone number. Our Internet address is [www.weatherford.com](http://www.weatherford.com). General information about us, including our Corporate Governance Policies and charters for the committees of our board of directors, can be found on our Web site. On our Web site we make available, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file or furnish them to the SEC. The public may read and copy any materials we have filed with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains our reports, proxy and information statements, and our other SEC filings. The address of that site is [www.sec.gov](http://www.sec.gov).

The following is a summary of our business strategies and the markets we serve. We have also included a description of our products and services offered and our competitors. Segment financial information appears in "Item 8. Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 18."

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### **Strategy**

Our primary objective is to provide our shareholders with above-average returns on their investment through income growth and asset appreciation.

Principal components of our strategy include:

- Continuously improving the efficiency, productivity and quality of our products and services and their respective delivery in order to grow revenues and operating margins in all of our geographic markets at a rate exceeding underlying market activity;
- Through a commitment to innovation and invention, developing and commercializing new products and services capable of meeting evolving needs of our customers; and
- Further extending our global infrastructure in scope and scale at a level consistent with meeting customer demand for our products and services in an efficient manner.

### **Markets**

We are a leading provider of equipment and services to the oil and natural gas exploration and production industry. Demand for our industry's services and products depends upon the number of oil and natural gas wells being drilled, the depth and drilling conditions of wells, the number of well completions and the level of workover activity worldwide.

During the mid-1980s, the drilling industry contracted sharply, correcting a condition of significant overcapacity that existed in the supply of oilfield service and equipment. For the past 20 years, global rig count has cycled up and down with factors such as world economic and political trends that influence supply and demand for energy, the price of oil and natural gas and the level of exploration and drilling for those commodities.

As a result of the maturity of the world's oil and natural gas reservoirs, accelerating production decline rates and the focus on complex deepwater prospects, technology has become increasingly critical to the marketplace. Clients continue to seek, test and prove production-enabling technologies at an increasing rate. Technology is an important aspect of our products and services, as it helps us provide our clients with more efficient tools to find and produce oil and natural gas. We have invested a substantial amount of our time and resources in building our technology offerings. We believe our products and services enable our clients to reduce their costs of drilling and production and/or increase production rates. Furthermore, these offerings afford us additional opportunities to sell our traditional core products and services to our clients.

### **Product Offerings**

Our product offerings can be grouped into ten service lines: 1) artificial lift systems; 2) drilling services; 3) well construction; 4) drilling tools; 5) completion systems; 6) wireline and evaluation services; 7) re-entry and fishing; 8) stimulation and chemicals; 9) integrated drilling; and 10) pipeline and specialty services. The following discussion provides an overview of our various product offerings. With the exception of integrated drilling, our product line offerings are provided in all of our regional segments. Our integrated drilling product line is primarily offered outside of North America.

#### *Artificial Lift Systems*

Artificial lift systems are installed in oil wells and, to a lesser extent, natural gas wells that do not have sufficient reservoir pressure to raise the produced hydrocarbon to the surface. These systems supplement the natural reservoir pressures to produce oil or natural gas from the well. There are six principal types of artificial lift technologies used in the industry. With the exception of our electrical submersible pumps business, which we sold to an equity investment partner in January 2008, we are able to provide all forms of lift, including progressing cavity pumps, reciprocating rod lift systems, gas lift systems, hydraulic lift systems, plunger lift systems and hybrid lift systems. We also offer wellhead systems and production optimization.

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*Progressing Cavity Pumps* — A progressing cavity pump (PCP) is a downhole pump driven by an above-ground electric motor system connected to it by a coupled rod or continuous rod string. These pumps are designed to work in wells of depths up to 12,000 feet with production between 10 and 4,500 barrels of oil per day. PCPs are particularly useful in heavy-oil-producing basins around the world.

*Reciprocating Rod Lift Systems* — A reciprocating rod lift system is an artificial lift pumping system that uses an above-ground mechanical unit connected to a sucker rod and a downhole pump. It uses an up-and-down suction process to lift the oil from the reservoir. Reciprocating rod lift is used primarily for the production of oil from wells of depths up to 14,000 feet and production rates from 20 to 6,000 barrels per day.

*Gas Lift Systems* — Gas lift is a form of artificial lift that uses natural gas to lift oil in a producing reservoir to the surface. The process of gas lift involves the injection of natural gas into the well through an above-ground injection system and a series of downhole mandrels and gas lift valves in the production tubing string. The injected gas acts as the lifting agent for the oil. Gas lift systems are used primarily for offshore wells (including deepwater and ultra-deepwater) and for wells that have a high component of gas in the produced fluid or have a gas supply near the well. Gas lift systems are designed to operate at depths up to 18,000 feet with volumes up to 50,000 barrels of oil per day.

*Hydraulic Lift Systems* — A hydraulic lift oil pumping system uses an above-ground surface power unit to operate a downhole hydraulic pump (jet or piston) to lift oil from the reservoir. These systems are designed for wells of depths up to 17,000 feet and volumes up to 20,000 barrels per day. Hydraulic pumps are well suited for wells with high volumes and low solids.

*Plunger Lift Systems* — Plunger lift is the only artificial lift method that requires no assistance from outside energy sources. The typical system consists of a plunger (or piston), top and bottom bumper springs, a lubricator and a surface controller. As the plunger travels to the surface, it creates a solid interface between the lifted gas below and produced fluid above to maximize lift energy. Plunger lift is a low-cost, easily maintained method of lift. It is particularly useful for dewatering gas wells and increasing production from wells with emulsion problems. Plunger lift also keeps wells free of paraffin and other tubing deposits and can be used to produce a well to depletion at depths of 19,000 feet and volumes up to 200 barrels per day.

*Hybrid Lift Systems* — We offer a variety of hybrid artificial lift systems which are engineered for special applications and may incorporate two or more of the artificial lift methods described above.

*Wellhead Systems* — We offer a line of conventional wellhead equipment and valves manufactured to the latest API industry specifications and client requirements, including conventional surface wellheads through 20,000 psi; gate valves from 2,000 to 20,000 psi; complete wellhead systems (drill-through, multi-bowl, unitized and mud-line); and all the accessories and aftermarket services to go with them.

*Production Optimization* — Production optimization is the process of monitoring oil and natural gas fields, and interpreting the resulting data to inform production and reservoir management decisions. The ultimate goal is to assist operators in making better decisions that maximize profits through improved optimized well production and maximized reservoir recovery. The major benefits of production optimization are increased production with decreased operating costs resulting in increased bottom-line profits for producers.

Weatherford offers products for optimizing at the well, reservoir and field level. Both hardware and software are combined into solutions that fit the customer's specific needs for optimizing production.

*Well Optimization* — For wellsite intelligence, we offer specific controllers for each type of artificial lift. These controllers contain computers with specific logic to control the well in response to changes in the reservoir, artificial-lift equipment or well completion. The desktop software provides advanced analytical tools that allow the operator to make changes by controlling the well directly or by changing the parameters that the controller is using to operate the well. In 2007, we enhanced our plunger lift controller and added a new variable speed drive for progressing cavity pumps (PCP), rod pumping, and electric submersible pumps (ESP).

*Flow Measurement* — Our Production Optimization group develops metering and software solutions to supply real-time production information to the operator, allowing accurate production measurements as a part of individual well and field optimization.

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*Field Optimization* — We provide tools for optimizing workflow. These software tools assist the operator in tracking the operations needed for optimal field management. Tasks such as chemical injection, well workovers and injection allocation of injection gas can easily generate unnecessary expenses by inefficient prioritization of tasks, poor recordkeeping and lack of analysis of the effectiveness of the total field operations. The combination of our experienced consultants and advanced software tools help the operator optimize operations for entire fields.

### **Drilling Services**

These capabilities include directional drilling, Controlled Pressure Drilling® (CPD®) & Well Testing, drilling-with-casing (DwC™) and drilling-with-liner (DwL™) systems and surface logging systems.

Directional drilling involves the personnel, equipment and engineering required to control the direction of a wellbore. Directional drilling allows drilling of multiple wells from a single offshore platform or a land-based pad site. It also allows drilling of horizontal wells and penetration of multiple reservoir pay zones from a single wellbore. We supply a range of specialized, patented equipment for directional drilling, including:

- *Measurement while drilling (MWD) and logging while drilling (LWD)* — MWD and LWD measure, respectively, wellbore trajectory and formation properties, in real time, while the well is being drilled.
- *Rotary steerable systems (RSS)* — These systems allow control of wellbore trajectory while drilling at the surface with continuous rotation of the drillstring. They are crucial for enabling long, step-out, directional wells and for reducing completion-running complications resulting from abrupt hole-angle changes caused by conventional drilling methods.
- *Directional drilling services* — These services include surveying, design and operational support for directional and horizontal drilling; products include drilling motors and other associated equipment.

Our directional drilling capabilities are supported by our engineering facility in Houston, which houses qualified engineers, scientists and technicians, all focused on developing technologies for the MWD/LWD and directional drilling markets, both land based and offshore.

*Controlled Pressure Drilling® (CPD®)* — Weatherford's CPD offerings are provided through three techniques: 1) Managed Pressure Drilling, 2) Underbalanced Drilling and 3) Air Drilling.

- *Managed Pressure Drilling (MPD)* — This technique provides an advanced form of primary well control, using a closed, pressurized fluid system that more precisely controls the wellbore pressure profile than mud weight adjustments alone. The main objective of MPD is to optimize drilling processes by decreasing non-productive time and mitigating drilling hazards.
- *Underbalanced Drilling (UBD)* — This technique is used in development, exploration and mature field applications to minimize formation damage and maximize productivity. UBD is drilling with bottomhole pressure that is maintained below reservoir pressure to intentionally invite fluid influx. This technique permits the reservoir to flow while drilling takes place, thereby improving well productivity by protecting the formation from damage by the drilling fluids.
- *Air Drilling* — This technique applies reduced density fluid systems to drill sub-hydrostatically. Air drilling is used primarily in hard rock applications to reduce drilling costs by increasing the rate of penetration.

A full range of downhole equipment, such as high temperature motors, wireline steering tools, drillpipe, air rotary hammer drills, casing exit systems, downhole deployment valves and downhole data acquisition equipment, make our product offerings unique.

*Well Testing* — Well testing uses specialized equipment and procedures to obtain essential information about oil and gas wells after the drilling process has been completed. Typical information derived may include reservoir performance, reservoir pressure, formation permeability, formation porosity and formation fluid composition.

A related application is our separation business, which supplies personnel and equipment on a wellsite to recover a mixture of solids, liquids and gases from oil and gas wells. These services are used during drilling, after stimulation or after re-completion to clean up wells. The operator requires that a well be properly cleaned before

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undertaking a well test to ensure that the true deliverability of the well is attained and that debris and spent stimulation chemicals do not ultimately flow to the process plant.

*Drilling-with-casing and drilling-with-liner systems* — These systems allow operators to simultaneously drill and case oil and natural gas wells. Our *DwC* and *DwL* techniques eliminate downhole complexity, reducing expensive rig modifications and the number of trips downhole. Consequently, drilling hazards are mitigated, well construction is simplified, and productivity can be improved when drilling through the reservoir.

*Surface Logging Systems* — Often referred to as mud logging, this is a well-site service that uses fluid and gas samples along with drilling cuttings to evaluate the geology and geo chemistry of the formation as it is being drilled. The derived data and interpretation is used to help geologists and drillers ensure that the well is placed in the most productive formation to maximize ultimate well productivity.

### **Well Construction**

This grouping includes the primary services and products required to construct a well and spans tubular running services, cementation tools, liner systems, solid tubular expandable technologies and aluminum alloy tubular products.

*Tubular Running Services* — These services consist of a wide variety of tubular connection and installation services for the drilling, completion and workover of an oil or natural gas well. We provide tubular handling, preparation, inspection and wellsite installation services from a single source. We offer a suite of products and services for improving rig floor operations by reducing personnel exposure, increasing operational efficiency and improving safety. We also specialize in critical-service installations where operating conditions, such as downhole environments and/or metallurgical characteristics, call for specific handling technology.

*Cementation Tools* — Cementing operations comprise one of the most expensive phases of well completion. We produce specialized equipment that allows operators to centralize the casing throughout the wellbore and control the displacement of cement and other fluids. Our cementing engineers also analyze complex wells and provide recommendations to help optimize cementing results.

*Liner Systems* — Liner hangers allow suspension of strings of casing within a wellbore without the need to extend the casing to the surface. Most directional wells include one or more liners to optimize casing programs. We offer both drilling and production liner hangers. Drilling liners are used to isolate areas within the well during drilling operations. Production liners are used in the producing area of the well to support the wellbore and to isolate various sections of the well.

*Solid Tubular Expandable Technologies* — Proprietary expandable tools are being developed for downhole solid tubular applications in well remediation, well completion and well construction. Our solid tubular expandable products include the MetalSkin<sup>®</sup> line and the HydraSkin<sup>™</sup> System, *MetalSkin* systems are used for well cladding to shut off zones, retro-fit corroded sections of casing and strengthen existing casing. *MetalSkin* open-hole clad systems are used for controlling drilling hazards such as unwanted fluid loss or influx and as slim-bore drilling liners. Slim-bore and, ultimately, monobore liner systems are designed to allow significant cost reductions by reducing consumables for drilling and completion of wells, allowing use of smaller rigs and reducing cuttings removal needs. The benefits are derived because of the potential of expandable technologies to significantly reduce or eliminate the reverse-telescoping architecture inherent in traditional well construction. The *HydraSkin* system is a hydraulic bottom-up expansion system that can be used for increased diameter efficiency in either planned or contingency operations.

*Aluminum Alloy Tubular Products* — We design and manufacture aluminum alloy (AA) tubular goods for drilling, production and completion. Unique physical and mechanical properties of aluminum alloys provide a number of benefits, especially superior corrosion resistance in various aggressive environments and enhanced strength-to-weight ratio, resulting in better drilling performance. Products range from *Aluminum Alloy Drill Pipe*, which is used in most drilling applications, but especially recommended for ultra deep and extended reach wells and rigs with limited load capacity, to drillpipe risers designed for drilling, production and completion operations. These large diameter products possess high strength and significant corrosion resistance properties essential in aggressive environments, such as deepwater wells.

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### ***Drilling Tools***

We design and manufacture patented tools, including our drilling jars, rotating control devices and other pressure-control equipment used in drilling oil and natural gas wells. We also offer a broad selection of in-house or third-party manufactured equipment for the drilling, completion and workover of oil and natural gas wells. We offer these proprietary and nonproprietary drilling tools to our clients — primarily operators and drilling contractors — on a rental basis, allowing the clients to use unique equipment to improve drilling efficiency without the cost of holding that equipment in inventory.

Our drilling tools include the following:

- Drillpipe and related drillstem tools, drill collars, heavyweight pipe and drilling jars;
- Downhole tools;
- Pressure-control equipment such as blowout preventers, high-pressure valves, accumulators, adapters and choke-and-kill manifolds; and
- Tubular handling equipment such as elevators, spiders, slips, tongs and kelly spinners.

### ***Completion Systems***

We offer our clients a comprehensive line of completion tools and sand screens. These products and services include the following:

*Completion Tools* — These tools are incorporated into the tubing string used to transport hydrocarbons from the reservoir to the surface. We offer a wide range of devices for enhancing the safety and functionality of the production string, including permanent and retrievable packer systems, subsurface safety systems, flow controls and tool string, specialized downhole isolation valves and associated servicing equipment. Over the past decade, we have evolved our portfolio from one of basic cased-hole commodity products to one that focuses more heavily on premium offerings for deepwater and high-pressure/high-temperature environments.

*Sand Screens* — Sand production often results in premature failure of artificial-lift and other downhole and surface equipment and can obstruct the flow of oil and natural gas. To remedy this issue, we provide two different sand screen approaches: conventional and expandable.

- *Conventional sand screens* — These products are used in the fluid-solid separation processes and have a variety of product applications. Our primary application of well screens is for the control of sand in unconsolidated formations. We offer premium, pre-pack and wire-wrap sand screens. We also offer a FloReg<sup>tm</sup> line of inflow control devices that balance horizontal wellbore production, ultimately maximizing reservoir drainage. We also operate the water well and industrial screen business of Johnson Screens. Served markets include water well, petrochemical, wastewater treatment and surface water intake, mining and general industrial applications.
- *Expandable Sand Screens (ESS)* — Our ESS<sup>®</sup> systems are proprietary step-change sand-control devices that reduce cost and improve production. An ESS system consists of three layers, including slotted base pipe, filtration screens and an outer protective shroud. The system can be expanded using a fixed cone and/or compliantly using our proprietary axial and rotary expansion system. This system aids productivity because it stabilizes the wellbore, prevents sand migration and has a larger inner diameter. ESS technology can replace complex gravel-packing techniques in many sand-control situations.

*Reservoir Optimization* — Our intelligent completion technology (ICT) uses downhole optical and electronic sensing to allow operators to remotely monitor the downhole pressure, temperature, flow rate, phase fraction and seismic activity of each well and the surrounding reservoir. This advanced monitoring capability allows the operator to monitor the reaction of the reservoir to the production of the well. Combining this monitoring with multiple-zone downhole flow control allows field pressure management and shutoff of unwanted flows of water or gas.

### ***Wireline and Evaluation Services***

Wireline and evaluation services, in concert with surface logging systems and LWD, form a data acquisition and interpretation capability that enables clients with an integrated approach to formation evaluation and reservoir characterization. Open-hole wireline services and logging while drilling compliment laboratory-derived analysis of core and reservoir fluid samples. When combined with geosciences consulting, this integrated capability provides the data and interpretation to reduce reservoir uncertainty and ultimately optimize production and maximize recovery.

*Wireline services* — Wireline services measure the physical properties of underground formations to help determine the location and potential deliverability of oil and gas from a reservoir. Wireline services are provided from surface logging units, which lower tools and sensors into the wellbore mainly on a single or multiple conductor wireline.

The provision of wireline and associated interpretation services is divided into four categories: open hole wireline, geoscience services, cased hole wireline and slickline services:

- *Open Hole Wireline* — This service helps locate oil and gas by measuring certain characteristics of geological formations and providing permanent records called "logs." Open hole logging can be performed at different intervals during the well drilling process or immediately after a well is drilled. The logging data provides a valuable benchmark to which future well management decisions may be referenced. The open hole sensors are used to determine well lithology and the presence of hydrocarbons. Formation characteristics such as resistivity, density and porosity are measured using electrical, nuclear, acoustic, magnetic and mechanical technologies.

The formation characteristics are then used to characterize the reservoir and describe it in terms of porosity, permeability, oil, gas or water content and an estimation of productivity. Wireline services can relay this information from the wellsite on a real-time basis via a secure satellite transmission network and secure Internet connection to the client's office for faster evaluation and decision making.

- *Geoscience Services* — This capability, consisting of geologists, geophysicists, and drilling, completion, production and reservoir engineers, serves as the interpretive bridge across diverse data sources to support client efforts to maximize their oil and gas assets using for the life of the well — from well planning through drilling, evaluation, completion, production, intervention and, finally, abandonment.

Major computing centers in Calgary and Houston, along with branches in Europe, the Middle East, Latin America and Asia Pacific, use the latest technology to deliver data to our clients — from real-time (LWD) "geosteering" for critical well placement decisions to ongoing reservoir monitoring with permanent "intelligent completion" sensors. We provide advanced reservoir solutions by incorporating open hole, cased hole and production data.

- *Cased Hole Wireline* — This service is performed at various times throughout the life of the well and includes perforating, completion logging, production logging and casing integrity services. Perforating creates the flow path between the reservoir and the wellbore. Production logging can be performed throughout the life of the well to measure temperature, fluid type, flow rate, pressure and other reservoir characteristics. In addition, cased hole services may involve wellbore diagnostics and remediation, which could include the positioning and installation of various plugs and packers to maintain production or repair well problems, and casing inspection for internal or external abnormalities in the casing string.
- *Slickline Services* — This service uses a solid steel or braided nonconductor line, in place of a single or multiple conductor braided line used in electric logging, to run downhole memory tools, manipulate downhole production devices and provide fishing services primarily in producing wells.

*Integrated Evaluation Services* — These services help clients plan the development of new and existing oil and gas production fields. Specifically, a global network of laboratories provide support in terms of fluid and reservoir characterization, specialized core and fluid testing, enhanced oil recovery, rock strength and characterization, sour richness and maturity, sorption properties assessment and reservoir flow studies.

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### ***Re-entry and Fishing***

Our re-entry, fishing and thru-tubing services help clients repair wells that have mechanical problems or that need work to prolong production of oil and natural gas reserves.

*Re-entry Services* — Our re-entry services include casing exit services and advanced multilateral systems. Conventional and advanced casing exit systems allow sidetrack and lateral drilling solutions for clients who either cannot proceed down the original well track or want to drill lateral wells from the main or parent wellbore.

*Fishing Services* — Fishing services are provided through teams of experienced fishing tool supervisors and a comprehensive line of fishing and milling tools. Our teams provide conventional fishing services, such as removing wellbore obstructions, including stuck or dropped equipment, tools, drillstring components and other debris, that have been lost downhole unintentionally during the drilling, completion or workover of new and old wells. Specialty fishing tools required in these activities include fishing jars, milling tools, casing cutters, overshots and spears. Our Fishing Services business unit also provides well patches and extensive plug-and-abandonment products.

*Thru-tubing Services* — Thru-tubing services are used in well re-entry activity to allow operators to perform complex drilling, completion and cementing activities from existing wellbores without removing existing production systems. We provide a full range of thru-tubing services and products, including drilling motors, casing exits, fishing and milling, zonal isolation packers and other well remediation services.

### ***Stimulation and Chemicals***

We offer our clients advanced chemical technology and services for safer and more effective production enhancement. These products and services include the following:

*Fracturing Technologies* — Hydraulic reservoir fracturing is a stimulation method routinely performed on oil and natural gas wells in low-permeability reservoirs to increase productivity and oil and gas recovery.

*Production Chemical Systems* — Our Engineered Chemistry® business combines proprietary chemical solutions with internally developed oilfield equipment technologies. Our high-performance chemistry solutions include: customized chemical solutions for production, refining, completion, water treatment and other industrial processes; a total service package (product selection, application and optimization); and precise formulations and multi-functional chemical formulations that include the only formulas certified for capillary injection.

*Capillary Injection Technology and Services* — Capillary technology maximizes well production while protecting tubular goods. With systems installed in live wells in just three to four hours, reservoir production is not interrupted. Our systems operate at depths of 22,000 feet.

### ***Integrated Drilling***

The majority of our land drilling rigs are located outside of North America. We also have the ability to offer project management services to our clients, in which we provide a number of products and services needed to drill and complete a well, including the rig.

### ***Pipeline and Specialty Services***

We provide a range of services used throughout the life cycle of pipelines and process facilities, onshore and offshore. Our pipeline group can meet all the requirements of the pipeline, process, industrial and energy markets worldwide. We also can provide any service (or package of services) carried out on permanently installed client equipment that involves inspecting, cleaning, drying, testing, improving production, running or establishing integrity from the wellhead out.

### **Competition**

We provide our products and services worldwide, and compete in a variety of distinct segments with a number of competitors. Our principal competitors include Baker Hughes, BJ Services, Halliburton, Schlumberger and

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Smith International. We also compete with various other regional suppliers that provide a limited range of equipment and services tailored for local markets. Competition is based on a number of factors, including performance, safety, quality, reliability, service, price, response time and, in some cases, breadth of products.

### **Other Business Data**

#### ***Raw Materials***

We purchase a wide variety of raw materials as well as parts and components made by other manufacturers and suppliers for use in our manufacturing. Many of the products sold by us are manufactured by other parties. We are not dependent on any single source of supply for any of our raw materials or purchased components.

#### ***Customers***

Our principal customers consist of major and independent oil and natural gas producing companies. During 2008, 2007 and 2006, there was no individual customer who accounted for more than 10% of consolidated revenues.

#### ***Research and Development and Patents***

We maintain world-class technology and training centers throughout the world. Our 34 research, development and engineering facilities are focused on improving existing products and services and developing new technologies to meet customer demands for improved drilling performance and enhanced reservoir productivity. Our expenditures for research and development totaled \$193 million in 2008, \$169 million in 2007 and \$149 million in 2006.

As many areas of our business rely on patents and proprietary technology, we have followed a policy of seeking patent protection both inside and outside the U.S. for products and methods that appear to have commercial significance. In the U.S., we currently have 1,182 patents issued and over 413 pending. We have 2,104 patents issued in international jurisdictions and over 1,310 pending. We amortize patents over the years expected to be benefited, ranging from 3 to 20 years.

Although in the aggregate our patents are important to the manufacturing and marketing of many of our products, we do not believe that the loss of any one of our patents would have a material adverse effect on our business.

#### ***Seasonality***

Weather and natural phenomena can temporarily affect level of demand for our products and services. Spring months in Canada and winter months in the North Sea tend to negatively affect operations. In the summers of 2005 and 2008, the Gulf of Mexico suffered an unusually high number of hurricanes that adversely impacted our operations. The widespread geographical locations of our operations serve to mitigate the impact of the seasonal nature of our business.

#### ***Federal Regulation and Environmental Matters***

Our operations are subject to federal, state and local laws and regulations relating to the energy industry in general and the environment in particular.

In January 2003, a subsidiary of Precision Energy Services was notified by the U.S. Environmental Protection Agency ("EPA") that it was a potentially responsible party to the Gulf Nuclear Superfund Sites in Odessa, Tavenor and Webster, Texas. Based upon the information provided, it appears we will be classified as a de minimus party. Over the last three years, we have also been named as de minimus potentially responsible party in several other state and federal governmental superfund sites and have settled all of these matters for an aggregate of approximately \$50,000. In February 2008, we paid a civil penalty of \$208,000 to the Federal Aviation Administration to settle a complaint regarding the improper labeling of hazardous materials (lithium batteries) that were to be shipped aboard a commercial airliner.

Our 2008 expenditures to comply with environmental laws and regulations were not material, and we currently expect the cost of compliance with environmental laws and regulations for 2009 also will not be material.

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### *Employees*

At December 31, 2008, we employed approximately 50,000 employees. Certain of our operations are subject to union contracts. These contracts cover approximately two percent of our employees. We believe that our relationship with our employees is generally satisfactory.

### **Forward-Looking Statements**

This report, as well as other filings made by us with the Securities and Exchange Commission ("SEC"), and our releases issued to the public contain various statements relating to future results, including certain projections and business trends. We believe these statements constitute "Forward-Looking Statements" as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions, although not all forward-looking statements contain these identifying words.

From time to time, we update the various factors we consider in making our forward-looking statements and the assumptions we use in those statements. However, we undertake no obligation to publicly update or revise any forward-looking events or circumstances that may arise after the date of this report. The following sets forth the various assumptions we use in our forward-looking statements, as well as risks and uncertainties relating to those statements. Certain of the risks and uncertainties may cause actual results to be materially different from projected results contained in forward-looking statements in this report and in our other disclosures. These risks and uncertainties include, but are not limited to, the following:

- *Global political, economic and market conditions could affect projected results.* Our operating results and the forward-looking information we provide are based on our current assumptions about oil and natural gas supply and demand, oil and natural gas prices, rig count and other market trends. Our assumptions on these matters are in turn based on currently available information, which is subject to change. The oil and natural gas industry is extremely volatile and subject to change based on political and economic factors outside our control. Worldwide drilling activity, as measured by average worldwide rig counts, increased in each year from 2002 to 2008. However, activity began declining in the fourth quarter of 2008, particularly in North America. The current global economic climate has resulted in lower demand and lower prices for oil and natural gas, which has reduced drilling and production activity and may therefore affect our future revenues and income. We cannot accurately predict how much lower commodity prices and drilling activity may go, or when they may recover. Worldwide drilling activity and global demand for oil and natural gas may also be affected by changes in governmental policies, laws and regulations related to environmental or energy security matters, including those addressing alternative energy sources and the risks of global climate change. We have assumed global demand will be down slightly in 2009 compared to 2008. In 2009, worldwide demand may be significantly weaker than we have assumed.
- *Our ability to manage our workforce could affect our projected results.* In a climate of decreasing demand, we are faced with managing our workforce levels to control costs without impairing our ability to provide service to our customers. Our forward-looking statements assume we will be able to do so.
- *Increases in the prices and availability of our raw materials could affect our results of operations.* We use large amounts of raw materials for manufacturing our products. The price of these raw materials has a significant impact on our cost of producing products for sale or producing fixed assets used in our business. We have assumed that the prices of our raw materials will remain within a manageable range and will be readily available. If we are unable to obtain necessary raw materials or if we are unable to minimize the impact of increased raw material costs or to realize the benefit of cost decreases in a timely fashion through our supply chain initiatives or pricing, our margins and results of operations could be adversely affected.
- *Our long-term growth depends upon technological innovation and commercialization.* Our ability to deliver our long-term growth strategy depends in part on the commercialization of new technology. A central aspect of our growth strategy is to improve our products and services through innovation, to obtain technologically advanced products through internal research and development and/or acquisitions, to protect

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proprietary technology from unauthorized use and to expand the markets for new technology by leveraging our worldwide infrastructure. The key to our success will be our ability to commercialize the technology that we have acquired and demonstrate the enhanced value our technology brings to our customers' operations. Our major technological advances include, but are not limited to, those related to controlled pressure drilling and testing systems, expandable solid tubulars, expandable sand screens and intelligent well completion. Our forward-looking statements have assumed successful commercialization of, and above-average growth from, these new products and services, as well as legal protection of our intellectual property rights.

- *Nonrealization of expected benefits from our 2002 corporate reincorporation could affect our projected results.* We currently are incorporated in Bermuda and we operate through our various subsidiaries in numerous countries throughout the world including the United States. We anticipate that, during the first quarter of 2009, we will complete a transaction in which our parent Bermuda company will become a wholly-owned subsidiary of Weatherford International Ltd., a Swiss joint-stock company, and holders of our common shares will receive one registered share of the Swiss company in exchange for each of our common shares that they hold. Consequently, we are or may become subject to changes in tax laws, treaties or regulations or the interpretation or enforcement thereof in the U.S., Bermuda, Switzerland or jurisdictions in which we or any of our subsidiaries operates or is resident. Our income tax expense is based upon our interpretation of the tax laws in effect in various countries at the time that the expense was incurred. If the U.S. Internal Revenue Service or other taxing authorities do not agree with our assessment of the effects of such laws, treaties and regulations, this could have a material adverse effect on us including the imposition of a higher effective tax rate on our worldwide earnings or a reclassification of the tax impact of our significant corporate restructuring transactions.
- *Nonrealization of expected benefits from our acquisitions could affect our projected results.* We expect to gain certain business, financial and strategic advantages as a result of business acquisitions we undertake, including synergies and operating efficiencies. Our forward-looking statements assume that we will successfully integrate our business acquisitions and realize the benefits of that. An inability to realize expected strategic advantages as a result of any acquisition would negatively affect the anticipated benefits of the acquisition.
- *The cyclical nature of or a prolonged downturn in our industry could affect the carrying value of our goodwill.* As of December 31, 2008, we had approximately \$3.5 billion of goodwill. Our estimates of the value of our goodwill could be reduced in the future as a result of various factors, including market factors, some of which are beyond our control. Our forward-looking statements do not assume any future goodwill impairment. Any reduction in the fair value of our businesses may result in an impairment charge and therefore adversely affect our results.
- *Currency fluctuations could have a material adverse financial impact on our business.* A material change in currency rates in our markets could affect our future results as well as affect the carrying values of our assets. World currencies have been subject to much volatility. Our forward-looking statements assume no material impact from future changes in currency exchange rates.
- *Adverse weather conditions in certain regions could adversely affect our operations.* In the summers of 2005 and 2008, the Gulf of Mexico suffered several significant hurricanes. These hurricanes and associated hurricane threats reduced the number of days on which we and our customers could operate, which resulted in lower revenues than we otherwise would have achieved. In parts of 2006, and particularly in the second quarters of 2007 and 2008, climatic conditions in Canada were not as favorable to drilling as we anticipated, which limited our potential results in that region. Similarly, unfavorable weather in Russia and in the North Sea could reduce our operations and revenues from that area during the relevant period. Our forward-looking statements assume weather patterns in our primary areas of operations will be conducive to our operations.
- *U.S. Government and internal investigations could affect our results of operations.* We are currently involved in government and internal investigations involving various of our operations. These investigations are ongoing, and we cannot anticipate the timing, outcome or possible impact of these investigations, financial or otherwise. The governmental agencies involved in these investigations have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of

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trading sanctions laws, the Foreign Corrupt Practices Act and other federal statutes including, but not limited to, injunctive relief, disgorgement, fines, penalties and modifications to business practices and compliance programs. In recent years, these agencies and authorities have entered into agreements with, and obtained a range of penalties against, several public corporations and individuals in similar investigations, under which civil and criminal penalties were imposed, including in some cases fines and other penalties and sanctions in the tens and hundreds of millions of dollars. Under trading sanctions laws, the Department of Justice ("DOJ") may also seek to impose modifications to business practices, including immediate cessation of all business activities in specific countries or other limitations that decrease our business, and modifications to compliance programs, which may increase compliance costs. Any injunctive relief, disgorgement, fines, penalties, sanctions or imposed modifications to business practices resulting from these investigations could adversely affect our results of operations. Additionally, during 2008, we incurred \$56 million for costs in connection with our exit from sanctioned countries and \$47 million for legal and professional fees incurred in connection with complying with and conducting these on-going investigations. We will have additional charges related to these matters in future periods, which costs may include labor claims, contractual claims, penalties assessed by customers, and costs, fines, taxes and penalties assessed by the local governments, but we cannot quantify those charges or be certain of the timing of them.

- *Political disturbances, war, or terrorist attacks and changes in global trade policies could adversely impact our operations.* We have assumed there will be no material political disturbances or terrorist attacks and there will be no material changes in global trade policies. Any further military action undertaken by the U.S. or other countries or political disturbances in the countries in which we conduct business could adversely affect our results of operations.
- *Current turmoil in the credit markets may reduce our access to capital or reduce the availability of financial risk-mitigation tools.* In recent quarters, the worldwide credit markets have experienced almost unprecedented turmoil and uncertainty. Our forward-looking statements assume that the financial institutions that have committed to extend us credit will honor their commitments under our credit facilities. If one or more of those institutions becomes unwilling or unable to honor its commitments, our access to liquidity could be impaired and our cost of capital to fund growth could further increase. We use interest-rate and foreign-exchange swap transactions with financial institutions to mitigate certain interest-rate and foreign-exchange risks associated with our capital structure and our business. Our forward-looking statements assume that those tools will continue to be available to us. However, the failure of any swap counter party to honor a swap agreement could reduce the availability of these financial risk-mitigation tools or could result in the loss of expected financial benefits. In response to credit market conditions and the global economic and business environment, we have undertaken measures to reduce our use of capital going forward. Our forward-looking statements assume that we will operate with lower capital expenditures in 2009 than in 2008. However, as the business climate changes and if attractive opportunities for organic or acquisitive growth become available, we may spend capital selectively above the amounts we have budgeted.

Finally, our future results will depend upon various other risks and uncertainties, including, but not limited to, those detailed in our other filings with the SEC. For additional information regarding risks and uncertainties, see our other filings with the SEC under the Securities Exchange Act of 1934, as amended, and the Securities Act of 1933, as amended, available free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov).

### **Item 1A. Risk Factors**

An investment in our common shares involves various risks. When considering an investment in our company, you should consider carefully all of the risk factors described below, the matters discussed on the foregoing pages under "Business-Forward-Looking Statements", as well as other information included and incorporated by reference in this report.

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### **We have significant operations that would be adversely impacted in the event of war, political disruption, civil disturbance, economic and legal sanctions or changes in global trade policies.**

Like most multinational oilfield service companies, we have operations in certain international areas, including parts of the Middle East, North and West Africa, Latin America, the Asia Pacific region and the Commonwealth of Independent States, that are subject to risks of war, political disruption, civil disturbance, economic and legal sanctions (such as restrictions against countries that the U.S. government may deem to sponsor terrorism) and changes in global trade policies. Our operations may be restricted or prohibited in any country in which the foregoing risks occur.

In particular, the occurrence of any of these risks could result in the following events, which in turn, could materially and adversely impact our results of operations:

- disruption of oil and natural gas exploration and production activities;
- restriction of the movement and exchange of funds;
- inhibition of our ability to collect receivables;
- enactment of additional or stricter U.S. government or international sanctions; and
- limitation of our access to markets for periods of time.

### **We are involved in several governmental and internal investigations, which are costly to conduct, have resulted in a loss of revenue and may result in substantial financial penalties.**

We are currently involved in government and internal investigations involving various of our operations. We participated in the United Nations oil-for-food program governing sales of goods and services into Iraq. The SEC has subpoenaed certain documents in connection with an investigation into our participation in the oil-for-food program. The U.S. Department of Justice is also conducting an investigation of our participation in the oil-for-food program. We are cooperating fully with these investigations. We have retained legal counsel, reporting to our audit committee, to investigate this matter. These investigations are ongoing, and we cannot anticipate the timing, outcome or possible impact of these investigations, financial or otherwise.

The U.S. Department of Commerce, Bureau of Industry & Security and the U.S. Department of Justice are investigating allegations of improper sales of products and services by us and our subsidiaries in sanctioned countries. We are cooperating fully with this investigation. We have retained legal counsel, reporting to our audit committee, to investigate this matter. This investigation is ongoing, and we cannot anticipate the timing, outcome or possible impact of the investigation, financial or otherwise.

In light of this investigation and of the current U.S. and foreign policy environment and the inherent uncertainties surrounding these countries, we decided in September 2007 to direct our foreign subsidiaries to discontinue doing business in countries that are subject to U.S. economic and trade sanctions, including Cuba, Iran, Sudan and Syria. Effective September 2007, we ceased entering into any new contracts relating to these countries and began an orderly discontinuation and winding down of our existing business in these sanctioned countries. Effective March 31, 2008, we completed our withdrawal from these countries.

With the assistance of outside counsel and in connection with U.S. government investigations and subpoenas, we are conducting investigations regarding the embezzlement of approximately \$175,000 at a European subsidiary and the possible improper use of these funds, including possible payments to government officials in Europe, during the period from 2000 to 2004, and the Company's compliance with the Foreign Corrupt Practices Act and other laws worldwide. As part of these investigations, we have also uncovered potential violations of U.S. law in connection with a joint venture in Angola. These investigations are ongoing, and we cannot anticipate the timing, outcome or possible impact, if any, of the investigations, financial or otherwise. We have informed the SEC and the DOJ of these investigations, and the results of the investigations are being provided to the SEC and DOJ.

The DOJ, the SEC and other agencies and authorities have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of trading sanctions laws, the Foreign

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Corrupt Practices Act and other federal statutes including, but not limited to, injunctive relief, disgorgement, fines, penalties and modifications to business practices and compliance programs. In recent years, these agencies and authorities have entered into agreements with, and obtained a range of penalties against, several public corporations and individuals in similar investigations, under which civil and criminal penalties were imposed, including in some cases fines and other penalties and sanctions in the tens and hundreds of millions of dollars. Under trading sanctions laws, the DOJ may also seek to impose modifications to business practices, including immediate cessation of all business activities in specific countries or other limitations that decrease our business, and modifications to compliance programs, which may increase compliance costs. In addition, our activities in sanctioned countries, such as Sudan and Iran, could result in certain investors, such as government sponsored pension funds, divesting or not investing in our common shares. Based on available information, we cannot predict what, if any, actions the DOJ, SEC or other authorities may take in our situation or the effect any such actions may have on our consolidated financial position or results of operations. To the extent we violated U.S. export regulations, fines and other penalties may be imposed. Because these matters are now pending before the indicated agencies, there can be no assurance that actual fines or penalties, if any, will not have a material adverse affect on our business, financial condition, liquidity or results of operations.

During 2008, we incurred \$56 million for costs incurred in connection with our exit from sanctioned countries and \$47 million in legal and professional fees incurred in connection with complying and conducting with these on-going investigations. We will have additional charges related to these matters in future periods, which costs may include labor claims, contractual claims, penalties assessed by customers, and costs, fines, taxes and penalties assessed by the local governments, but we cannot quantify those charges or be certain of the timing of them.

### **Our significant operations in foreign countries expose us to currency fluctuation risks.**

A portion of our net assets are located outside the U.S. and are carried on our books in local currencies. Changes in those currencies in relation to the U.S. dollar result in translation adjustments, which are reflected as accumulated other comprehensive income in the shareholders' equity section in our Consolidated Balance Sheets. We recognize remeasurement and transactional gains and losses on currencies in our Consolidated Statements of Income, which may adversely impact our results of operations. We enter into foreign currency forward contracts and other derivative instruments as an effort to reduce our exposure to currency fluctuations; however, there can be no assurance that these hedging activities will be effective in reducing or eliminating foreign currency risks.

In certain foreign countries, a component of our cost structure is denominated in a different currency than our revenues. In those cases, currency fluctuations could adversely impact our operating margins.

### **Uninsured claims and litigation could adversely impact our results.**

In the ordinary course of business, we become the subject of various claims and litigation. We maintain insurance to cover many of our potential losses and we are subject to various self-retentions and deductibles with respect to our insurance. Although we are subject to various ongoing items of litigation, we do not believe any of our current items of litigation will result in any material uninsured losses to us. However, it is possible an unexpected judgment could be rendered against us in cases in which we could be uninsured and beyond the amounts we currently have reserved or anticipate incurring.

We currently carry a variety of insurance for our operations. We are partially self-insured for certain claims in amounts we believe to be customary and reasonable. Although we believe we maintain insurance coverage adequate for the risks of our business, our insurance may not be sufficient to cover any particular loss, or our insurance may not cover all losses. For example, while we maintain product liability insurance, this type of insurance is limited in coverage and it is possible an adverse claim could arise in excess of our coverage. Finally, insurance rates have in the past been subject to wide fluctuation, and in the current global economic environment could increase significantly in the near future. Changes in coverage, insurance markets and our industry may result in further increases in our cost and higher deductibles and retentions.

We are also subject to various federal, state and local laws and regulations relating to the energy industry in general and the environment in particular. Environmental laws have in recent years become more stringent and have generally sought to impose greater liability on a larger number of potentially responsible parties. While we are not

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currently aware of any situation involving an environmental claim that would be likely to have a material adverse effect on our business, it is always possible that an environmental claim with respect to one or more of our current businesses or a business or property that one of our predecessors owned or used could arise and could involve material expenditures.

### **Customer credit risks could result in losses.**

The concentration of our customers in the energy industry may impact our overall exposure to credit risk as customers may be similarly affected by prolonged changes in economic and industry conditions. Those countries that rely heavily upon income from hydrocarbon exports will be hit particularly hard given the drop in oil prices. Further, laws in some jurisdictions in which we operate could make collection difficult or time consuming. We perform ongoing credit evaluations of our customers and do not generally require collateral in support of our trade receivables. While we maintain reserves for potential credit losses, we cannot assure such reserves will be sufficient to meet write-offs of uncollectible receivables or that our losses from such receivables will be consistent with our expectations.

### **The capital financing necessary to fund growth may not be available to us at economic rates.**

Recent turmoil in the credit markets and the potential impact on liquidity of major financial institutions may have an adverse effect on our ability to fund growth opportunities through borrowings, under either existing or newly created instruments in the public or private markets on terms we believe to be reasonable.

### **A terrorist attack could have a material and adverse effect on our business.**

The terrorist attacks that took place in the U.S. on September 11, 2001 and the subsequent ongoing war on terror have created many global economic and political uncertainties. The potential for future terrorist attacks, the national and international responses to terrorist attacks, and other acts of war or hostility have created many economic and political uncertainties that could adversely affect our businesses.

### **Changes in tax laws could adversely impact our results.**

On June 26, 2002, the stockholders and Board of Directors of Weatherford International, Inc. ("Weatherford-Delaware") approved our corporate reorganization, and Weatherford International Ltd. ("Weatherford-Bermuda"), a newly formed Bermuda company, became the parent holding company of Weatherford International, Inc. We anticipate that, during the first quarter of 2009, we will complete a transaction in which Weatherford Bermuda company will become a wholly-owned subsidiary of Weatherford International Ltd., a Swiss joint-stock company ("Weatherford-Switzerland"), and holders of our common shares will receive one registered share of Weatherford Switzerland for each common share of Weatherford Bermuda that they hold. We refer to this transaction as the "redomestication." The realization of the tax benefit of this reorganization could be impacted by changes in tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof or differing interpretation or enforcement of applicable law by the U.S. Internal Revenue Service or other taxing jurisdictions. The inability to realize this benefit could have a material impact on our financial statements.

### **The anticipated benefits of moving our principal executive offices to Switzerland may not be realized, and difficulties in connection with moving our principal executive offices could have an adverse effect on us.**

In connection with the redomestication, we plan to relocate our principal executive offices from Houston, Texas to Zug, Switzerland with a branch office in Geneva, Switzerland. We expect that most of our executive officers, including our Chief Executive Officer, and other key decision makers will relocate to Switzerland. We may face significant challenges in relocating our executive offices to a different country, including difficulties in retaining and attracting officers, key personnel and other employees and challenges in maintaining principal executive offices in a country different from the country where other employees, including corporate support staff, are located. Employees may be uncertain about their future roles within our organization pending or following the completion of the redomestication. Management may also be required to devote substantial time to the

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redomestication and related matters, which could otherwise be devoted to focusing on ongoing business operations and other initiatives and opportunities. In addition, we may not realize the benefits we anticipate from the redomestication, including the benefit of moving to a location that is more centrally located within our area of worldwide operations. Any such difficulties could have an adverse effect on our business, results of operations or financial condition.

### **The rights of our shareholders will be governed by Swiss law and documents following the redomestication.**

After the redomestication, the rights of our shareholders will be governed by Swiss law and Weatherford-Switzerland's articles of association and organizational regulations (the latter being analogous to bye-laws). The rights of shareholders under Swiss law may differ from the rights of shareholders of companies incorporated in other jurisdictions. For example, directors of Weatherford-Switzerland may be removed by shareholders with or without cause, but such removal requires the vote of shareholders holding at least 66 $\frac{2}{3}$ % of the voting rights and the absolute majority of the par value of the registered shares represented at the meeting as well as a quorum of at least two-thirds of the registered shares recorded in the share register.

### **We intend to hold future shareholder meetings in Switzerland, and our required quorum for those meetings may be lower.**

We intend to hold future shareholders meetings, beginning with our 2009 annual meeting, in Switzerland, which may make attendance in person more difficult for some investors. For shareholders meetings for Weatherford-Switzerland for the transaction of any business other than removal of a director or certain other specified resolutions, a quorum comprises at least one-third of the registered shares recorded in the share register and entitled to vote (and at least two-thirds of the registered shares recorded in the share register and entitled to vote for the removal of directors and certain other specified resolutions).

### **The market for the Weatherford-Switzerland shares may differ from the market for the Weatherford-Bermuda shares, and Weatherford-Switzerland's shares may be removed as a component of certain index-based or other funds.**

Following the redomestication, the shares of Weatherford-Switzerland will be listed on the NYSE under the symbol "WFT," the same symbol under which the Weatherford-Bermuda common shares are currently listed. The market price, trading volume or volatility of the Weatherford-Switzerland shares could be different than those of the Weatherford-Bermuda shares.

Weatherford-Bermuda's common shares were a component of the Standard & Poor's 500 Index and other indices before the redomestication. S&P has considered Weatherford-Bermuda and a number of other "offshore registered companies" domestic companies for purposes of inclusion in the S&P 500. On February 13, 2009, S&P announced that it would remove our shares as a component of the S&P 500. Similar issues could arise with respect to whether our shares will continue to be included as a component in other indices or funds that may impose a variety of qualifications that could be affected by the redomestication. Some institutional investors and funds that track the performance of the S&P 500 or such other indices likely will sell their shares in Weatherford and may decrease future investment in our shares, which could adversely affect the price of our shares. Any such adverse impact on the price of our shares could be magnified by the current heightened volatility in the financial markets.

### **Item 1B. *Unresolved Staff Comments***

None.

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**Item 2. Properties**

Our operations are conducted in approximately 100 countries and we have manufacturing facilities and sales, service and distribution locations throughout the world. The following table describes the material facilities we owned or leased as of December 31, 2008:

<b>Location</b>	<b>Facility Size (Sq. Ft.)</b>	<b>Property Size (Acres)</b>	<b>Owned/ Leased</b>	<b>Principal Services and Products Offered or Manufactured</b>
<b>North America:</b>				
Pearland, Texas	335,360	60.64	Owned	Fishing, drilling equipment
Schriever, Louisiana	310,520	31.83	Owned	Cementation mfg. plant, well construction services
New Brighton, Minnesota	211,600	25.75	Owned	Water well and industrial screens
Nisku, Alberta, Canada	207,400	15.40	Owned	Reciprocating rod lift
Houston, Texas	173,000	18.19	Owned	Research and development
Houma, Louisiana	170,000	13.00	Owned	Cementing products
Nisku, Alberta, Canada	150,201	24.06	Owned	Drilling equipment, fishing, wireline, controlled pressure drilling and testing services
Houston, Texas	138,950	14.00	Owned	Sand screens
Woodward, Oklahoma	118,000	49.58	Leased	Reciprocating rod and hydraulic lift
Houston, Texas	115,649	6.88	Owned	Cased hole and flow control
Huntsville, Texas	112,648	20.00	Owned	Liner hangers
Kingwood, Texas	112,449	10.47	Leased	Control Systems
Houston, Texas	109,451	—	Leased	Operations center
Edmonton, Alberta, Canada	108,797	11.34	Owned	Reciprocating rod lift, progressing cavity pumps
Greenville, Texas	108,300	26.43	Owned	Reciprocating rod lift
Broussard, Louisiana	101,434	9.01	Owned	Tubular running
<b>Latin America:</b>				
Neuquen, Argentina	107,639	3.70	Leased	Well installation services, downhole and controlled pressure drilling and testing services, fishing, cementing, drilling equipment
Sao Leopoldo, Brazil	103,490	9.46	Owned	Progressing cavity pumps
<b>Europe/West Africa/CIS:</b>				
Aberdeen, Scotland	148,379	8.67	Leased	Expandable slotted tubulars
Alberton, South Africa	123,237	5.40	Owned	Conventional screen technologies
Stavanger, Norway	113,182	4.66	Leased	Downhole services, well installation services, drilling equipment, thru tubing, cementing, fishing, re-entry, well intervention, completion systems
Medias, Sibiu, Romania	110,194	3.76	Owned	Wireline services
Ploiesti, Prahova, Romania	103,113	7.97	Owned	Wireline services

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<u>Location</u>	<u>Facility Size (Sq. Ft.)</u>	<u>Property Size (Acres)</u>	<u>Owned/ Leased</u>	<u>Principal Services and Products Offered or Manufactured</u>
<b>Middle East/North Africa/Asia:</b>				
Deyang, China	264,175	20.82	Owned	Pump jacks and wellhead
Hassi Messaoud, Algeria	226,849	40.20	Owned	Fishing, liner hangers, controlled pressure drilling and testing services
Singapore, Singapore	160,170	2.33	Leased	Fishing, re-entry and decommissioning drilling tools and services, production operations and systems
Awjila, Libya	165,980	27.67	Leased	Warehouse and service
Batanm Riau, Indonesia	126,584	—	Leased	Storage yard
Egypt, Maadi, Cairo	122,708	2.81	Leased	Machine shop, pipe yard, repair center and warehouse
<b>Corporate:</b>				
Houston, Texas	254,224	—	Leased	Corporate offices

### **Item 3. *Legal Proceedings***

In the ordinary course of business, we become the subject of various claims and litigation. We maintain insurance to cover many of our potential losses, and we are subject to various self-retention limits and deductibles with respect to our insurance.

See "Item 1. Business — Other Business Data — Federal Regulation and Environmental Matters", which is incorporated by reference into this item.

See "Item 1A. Risk Factors — We are involved in several governmental and internal investigations, which are costly to conduct, have resulted in a loss of revenue and may result in substantial financial penalties", which is incorporated by reference into this item.

Although we are subject to various ongoing items of litigation, we do not believe any of the items of litigation to which we are currently subject will result in any material uninsured losses to us. It is possible, however, an unexpected judgment could be rendered against us in the cases in which we are involved that could be uninsured and beyond the amounts we currently have reserved.

### **Item 4. *Submission of Matters to a Vote of Security Holders***

No matters were submitted to a vote of shareholders of the Company during the fourth quarter of the year ended December 31, 2008.

**PART II**

**Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities**

Our common shares are traded on the New York Stock Exchange under the symbol "WFT." As of February 20, 2009, there were 2,811 shareholders of record. Additionally, there were 72 stockholders of Weatherford International, Inc. as of the same date who had not yet exchanged their shares. The following table sets forth, for the periods indicated, the range of high and low sales prices per common share as reported on the New York Stock Exchange. During 2008, our Board of Directors approved a two-for-one split of our common shares. All prices have been restated to reflect this stock split.

	Price	
	High	Low
Year ending December 31, 2008		
First Quarter	\$ 36.82	\$ 25.91
Second Quarter	49.98	34.96
Third Quarter	49.76	22.26
Fourth Quarter	24.69	7.75
Year ending December 31, 2007		
First Quarter	\$ 23.51	\$ 17.95
Second Quarter	29.52	22.52
Third Quarter	35.50	24.31
Fourth Quarter	36.11	28.18

On February 20, 2009, the closing sales price of our common shares as reported by the New York Stock Exchange was \$10.01 per share. We have not declared or paid cash dividends on our common shares since 1984.

On October 1, 2008 we sold 959,264 of our common shares and on November 25, 2008 we sold 5,646,772 of our common shares, both in connection with acquisitions. These shares were sold to the shareholders of the acquired companies as consideration for the shares of the acquired companies. These sales of our common shares were exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of that act and pursuant to Regulation D and Regulation S promulgated under that act as a non-public sale to accredited investors and/or to non-U.S. persons outside the United States.

In December 2005, our Board of Directors approved a share repurchase program under which we can spend up to \$1 billion to repurchase outstanding common shares. Future purchases of our shares can be made in the open market or privately negotiated transactions, at the discretion of management and as market conditions warrant. As of December 31, 2008, we have \$205 million available under this authorization to repurchase shares. During the quarter ended December 31, 2008, no shares were repurchased.

In addition, under our restricted share plan, employees may elect to have us withhold common shares to satisfy minimum statutory federal, state and local tax withholding obligations arising on the vesting of restricted stock awards and exercise of options. When we withhold these shares, we are required to remit to the appropriate taxing authorities the market price of the shares withheld, which could be deemed a purchase of the common shares by us on the date of withholding.

During the quarter ended December 31, 2008, we withheld common shares to satisfy these tax withholding obligations as follows:

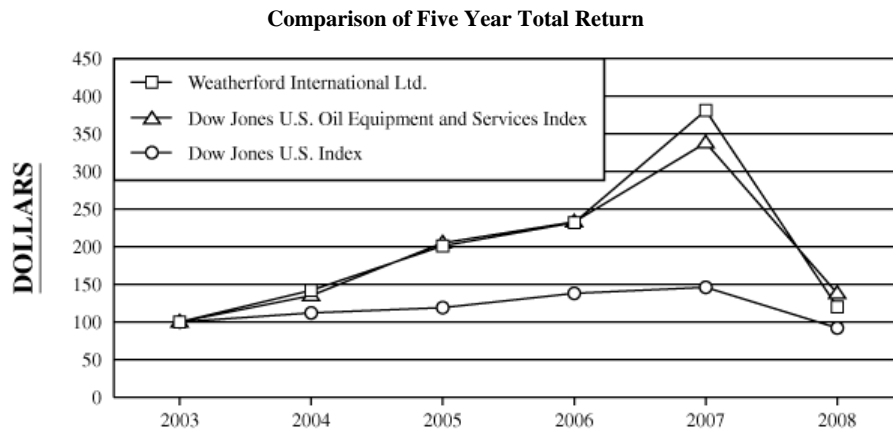
Period	No. of Shares	Average Price
October 1-October 31, 2008	9,959	\$ 20.00
November 1-November 30, 2008	8,997	14.21
December 1-December 31, 2008	9,184	9.60

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Information concerning securities authorized for issuance under equity compensation plans is set forth in Part III of this report under "Item 12(d). Security Authorized for Issuance Under Equity Compensation Plans," which is incorporated by reference into this Item.

**Performance Graph**

This graph compares the yearly cumulative return on our common shares with the cumulative return on the Dow Jones U.S. Oil Equipment & Services Index and the Dow Jones U.S. Index for the last five years. The graph assumes the value of the investment in the Company's common shares and each index was \$100 on December 31, 2003. The stockholder return set forth below is not necessarily indicative of future performance. The following graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that Weatherford specifically incorporates it by reference into such filing.



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### Item 6. *Selected Financial Data*

The following table sets forth certain selected historical consolidated financial data and should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Financial Statements and Supplementary Data", both contained in this report. The following information may not be indicative of our future operating results. The information presented has been restated to reflect our 2008 two-for-one stock split.

	Year Ended December 31,				
	2008	2007	2006	2005(a)	2004(b)
(In thousands, except per share amount)					
Statements of Operations Data:					
Revenues	\$ 9,600,564	\$ 7,832,062	\$ 6,578,928	\$ 4,333,227	\$ 3,131,774
Operating Income	1,978,549	1,624,336	1,354,687	570,598	402,995
Income From Continuing Operations	1,366,831	1,091,975	906,106	470,095	337,969
Basic Earnings Per Share From Continuing Operations	2.00	1.61	1.31	0.78	0.63
Diluted Earnings Per Share From Continuing Operations	1.96	1.57	1.28	0.74	0.59
Balance Sheet Data:					
Total Assets	\$ 16,476,513	\$ 13,190,957	\$ 10,139,248	\$ 8,580,304	\$ 5,543,482
Long-term Debt	4,564,255	3,066,335	1,564,600	632,071	1,404,431
Shareholders' Equity	8,285,648	7,406,719	6,174,799	5,666,817	3,313,389
Cash Dividends Per Share	—	—	—	—	—

(a) In August 2005, we acquired Precision Energy Services and Precision Drilling International for \$943 million in cash and 104 million Weatherford common shares. In connection with the acquisition we recorded exit and restructuring charges of \$114 million, \$79 million, net of tax. In December 2005, we recorded a \$115 million gain on the sale of our remaining shares of Universal common stock with no related income tax impact.

(b) In 2004, we recorded a \$78 million gain on the sale of Universal common stock. There was no income tax impact related to the sale.

**Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations***

Our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") begins with an executive overview which, provides a general description of our company today, a synopsis of industry market trends, insight into management's perspective of the opportunities and challenges we face and our outlook for 2009. Next, we analyze the results of our operations for the last three years, including the trends in our business. Then we review our cash flows and liquidity, capital resources and contractual commitments. We conclude with an overview of our critical accounting judgments and estimates and a summary of recently issued accounting pronouncements.

The following discussion should be read in conjunction with our Consolidated Financial Statements and Notes thereto included in "Item 8. Financial Statements and Supplementary Data." Our discussion includes various forward-looking statements about our markets, the demand for our products and services and our future results. These statements are based on certain assumptions we consider reasonable. For information about these assumptions, you should refer to the section entitled "Item 1. Business — Forward-Looking Statements."

**Overview**

***General***

We provide equipment and services used for drilling, completion and production of oil and natural gas wells throughout the world. We conduct operations in approximately 100 countries and have service and sales locations in nearly all of the oil and natural gas producing regions in the world. Our offerings include drilling services, well construction services, wireline services, fishing and intervention services, completion systems and all forms of artificial lift.

Our operational performance is segmented and reviewed on a geographic basis and we report the following regions as separate, distinct reporting segments (1) North America, (2) Latin America, (3) Europe/West Africa/CIS and (4) Middle East/North Africa/Asia.

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### **Industry Trends**

Changes in the current price and expected future prices of oil and natural gas influence the level of energy industry spending. Changes in expenditures result in an increased or decreased demand for our products and services. Rig count is an indicator of the level of spending for the exploration for and production of oil and natural gas reserves.

The following chart sets forth certain statistics that reflect historical market conditions:

	<u>WTI Oil(1)</u>	<u>Henry Hub Gas(2)</u>	<u>North American Rig Count(3)</u>	<u>International Rig Count(3)</u>
2008	\$ 44.60	\$ 5.62	2,143	1,175
2007	95.98	7.48	2,171	1,122
2006	61.05	6.30	2,178	1,029

(1) Price per barrel as of December 31 — *Source:* Thomson Reuters

(2) Price per MM/BTU as of December 31 — *Source:* Thomson Reuters

(3) Average rig count for December — *Source:* Baker Hughes Rig Count and other third-party data

Oil prices decreased during 2008, ranging from a low of \$33.87 per barrel in December to a high of \$145.29 per barrel early in July. Natural gas prices also decreased, ranging from a low of \$5.29 MM/BTU near the end of December to a high of \$13.58 MM/BTU in early July. In the fourth quarter of 2008, oil and natural gas prices experienced significant declines due to the recent economic downturn reaching \$44.60 per barrel and \$5.62 MM/BTU as of December 31, 2008. Factors influencing oil and natural gas prices during the period include hydrocarbon inventory levels, realized and expected economic growth, realized and expected levels of hydrocarbon demand, levels of spare production capacity within the Organization of Petroleum Exporting Countries ("OPEC"), weather and geopolitical uncertainty.

According to a recent study by Barclays Capital, 2008 international exploration and production expenditures are estimated to have increased 33% over 2007 levels while expenditures in North America are estimated to have increased 23% over the same period. Exploration and production expenditures during 2009 are anticipated to decrease 12%, with the North America market driving a significant portion of this decrease. The decrease is in response to the significant decline in commodity prices, constrained cash flow and tight credit markets.

### **Opportunities and Challenges**

The nature of our industry offers many opportunities and challenges. The cyclical nature of the energy industry impacts the demand for our products and services. Certain of our products and services, such as our drilling and evaluation services, well installation services and well completion services, depend on the level of exploration and development activity and the completion phase of the well life cycle. Other products and services, such as our production optimization and artificial lift systems, are dependent on production activity. We have created a long-term strategy aimed at growing our businesses, servicing our customers, and most importantly, creating value for our shareholders. The success of our long-term strategy will be determined by our ability to manage effectively any industry cyclical nature, respond to industry demands and successfully maximize the benefits from our acquisitions.

### **Outlook**

We believe the long-term outlook for our businesses is favorable. We believe that decline rates, a measure of the fall in production from a well over time, are accelerating. We also believe that there has been, and will continue to be, a deterioration in the quality of incremental hydrocarbon formations that our customers develop and that these formations will require more of our products and services than higher quality formations. As decline rates accelerate and reservoir productivity complexities increase, our clients will face growing challenges securing desired rates of production growth. The acceleration of decline rates and the increasing complexity of the reservoirs increase our customers' requirements for technologies that improve productivity and efficiency and for our products and services. These phenomena provide us with a positive outlook over the longer term.

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Looking into 2009, the near-term outlook is more difficult to assess given the dramatically weakened picture of the global economy stemming from a severe dislocation in credit markets and money flows around the world. Climate, natural gas storage levels and commodity prices, as well as expectations for the U.S. economy, will dictate the level of oilfield service activity in North America for 2009. While these factors are difficult to predict with any certainty over short periods of time, we anticipate a significant pull back in North American average rig activity compared to 2008 levels principally due to existing natural gas storage levels, lower natural gas prices and a dampened prognosis for the U.S. economy. We believe we are prepared for this decline and intend to adjust our cost structure in North America to be more in-line with the near-term activity prognosis.

We also expect international rig activity to decrease in 2009 as compared to 2008. However, we anticipate the decrease to be less severe than North America given that international spending is driven by major and national oil companies, which take a longer-term view and therefore respond less quickly to short-term changes in commodity prices.

We expect all of our growth in 2009 will come out of the international markets. While it is difficult to predict exact growth rates given the current fluid economic conditions and volatility, we expect our international markets combined growth rate for 2009 to be in the double digits. We expect North Africa, Middle East, China and Central Europe to show the largest year-on-year growth in the Eastern Hemisphere. In Latin America, we anticipate our larger growth improvements stemming from Brazil and Mexico.

*Pricing.* During 2008, overall pricing trended upwards, concurrently with raw material and labor cost inflation. Pricing in the U.S. and Canada is showing weakness with rigs, tubulars and stimulation showing the strongest pressures. With a pull back in activity in North America, we would expect pricing in general to come under pressure, with the magnitude dependant upon the extent to which activity declines. In the international markets, pricing is softening where and when contractual terms come to renewal time. Requests by clients to renegotiate existing contracts are yielding more modest price erosion with significant differences between international regions.

Overall, the level of improvements for our businesses for 2009 will continue to depend heavily on our ability to further penetrate existing markets with our younger technologies and to successfully introduce these technologies to new markets. The recruitment, training and retention of personnel will also be a critical factor in growing our businesses. The continued strength of the industry will be highly dependent on many external factors, such as world economic and political conditions, member country quota compliance within OPEC and weather conditions. The extreme volatility of our markets makes predictions regarding future results difficult.

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**Results of Operations**

The following charts contain selected financial data comparing our consolidated and segment results from operations for 2008, 2007 and 2006. The information presented has been restated to reflect our 2008 two-for-one stock split.

	Year Ended December 31,		
	2008	2007	2006
	(In thousands, except percentages and per share data)		
<b>Revenues:</b>			
North America	\$ 4,460,147	\$ 3,937,456	\$ 3,672,630
Middle East/North Africa/Asia	2,391,520	1,823,769	1,352,758
Europe/West Africa/CIS	1,539,190	1,188,519	827,343
Latin America	1,209,707	882,318	726,197
	<u>9,600,564</u>	<u>7,832,062</u>	<u>6,578,928</u>
<b>Operating Income (Expense):</b>			
North America	1,125,199	1,013,088	1,040,647
Middle East/North Africa/Asia	561,012	416,263	279,953
Europe/West Africa/CIS	382,772	293,846	171,798
Latin America	277,094	203,211	133,027
Research and Development	(192,659)	(169,317)	(149,429)
Corporate	(135,012)	(101,968)	(95,106)
Exit and Restructuring	(39,857)	(30,787)	(26,203)
	<u>1,978,549</u>	<u>1,624,336</u>	<u>1,354,687</u>
Interest Expense, Net	(243,679)	(171,281)	(102,560)
Other, Net	(44,956)	(8,569)	(13,218)
Effective Tax Rate	17.1%	23.0%	25.9%
Income from Continuing Operations per Diluted Share	\$ 1.96	\$ 1.57	\$ 1.28
Loss from Discontinued Operation per Diluted Share	(0.02)	(0.03)	(0.02)
Net Income per Diluted Share	1.94	1.54	1.26
Depreciation and Amortization	731,808	606,226	482,948

**Revenues**

The following chart contains consolidated revenues by product line for 2008, 2007 and 2006

	Year Ended December 31,		
	2008	2007	2006
Artificial Lift Systems	17%	18%	18%
Drilling Services	16	15	15
Well Construction	15	16	15
Drilling Tools	11	12	12
Completion Systems	10	10	10
Wireline	8	8	10
Re-entry & Fishing	7	8	8
Stimulation & Chemicals	7	6	6
Integrated Drilling	6	5	5
Pipeline & Specialty Services	3	2	1
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

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Consolidated revenues increased \$1,769 million, or 23%, in 2008 as compared to 2007. Our businesses continued to benefit from increasing market activity and share gains during 2008. Approximately 70% of our revenue growth was derived from outside of North America. International revenues increased \$1,246 million, or 32%, in 2008 as compared to 2007, which outpaced the 8% increase in average international rig count over the comparable period and is consistent with international growth trends we experienced in the prior year. Revenues from our drilling services, well construction, artificial lift systems and integrated drilling product lines were strong contributors to the year-over-year increase.

Consolidated revenues increased \$1,253 million, or 19%, in 2007 as compared to 2006. Approximately 79% of our revenue growth was derived from outside of North America. International revenues increased \$988 million, or 34%, in 2007 as compared to 2006. This increase outpaced the 8% increase in average international rig count over the comparable period. Revenues from our drilling services, well construction and artificial lift product lines were strong contributors to the year-over-year increase.

### ***Operating Income***

Consolidated operating income increased \$354 million, or 22%, in 2008 as compared to 2007. Our operating segments contributed \$420 million of incremental operating income during 2008 as compared to 2007. This incremental gain was partially offset by an increase in corporate and research and development expenditures of \$57 million over 2007 and an increase in exit and restructuring costs of \$9 million. The increase in corporate and research and development expenses was primarily attributable to higher employee compensation costs.

Consolidated operating income for 2007 increased \$270 million, or 20%, as compared to 2006. The increase was primarily the result of a \$301 million increase in operating income from our segments during 2007 as compared to 2006, which was partially offset by an increase in corporate and research and development expenditures of \$27 million over 2006.

We incurred exit and restructuring charges during 2008 of \$40 million, which was comprised of \$56 million for costs incurred in connection with our withdrawal from sanctioned countries, \$47 million incurred in connection with our on-going investigations by the U.S. government and \$18 million for severance costs incurred associated with restructuring activities. These charges were partially offset by an \$81 million gain recognized in the second quarter of 2008 as a result of selling our 50% interest in a subsidiary we control to Qatar Petroleum for cash consideration of \$113 million.

During 2007, we incurred exit and restructuring charges of \$31 million which was comprised of \$17 million in severance charges associated with restructuring activities and \$14 million for legal and professional fees incurred in connection with our on-going investigations by the U.S. government. During 2006, we incurred exit and restructuring charges of \$26 million, primarily due to severance charges related to restructuring activities.

### ***Interest Expense, Net***

Interest expense increased \$72 million, or 42%, in 2008 compared to 2007. The increase in interest expense was primarily attributable to an overall increase in our long-term debt balance during the periods. We issued \$1.5 billion in senior notes in June 2007 and an additional \$1.5 billion of senior notes in March 2008. This increase was partially offset by lower weighted average short-term borrowing rates during 2008 as compared to 2007. The incremental borrowings added during the current year were used to fund capital expenditures and to fund our current year acquisitions.

Interest expense increased \$69 million, or 67%, in 2007 as compared to 2006. The increase in interest expense was primarily attributable to an overall increase in our long-term debt combined with higher effective interest rates associated with the long-term debt. We issued \$0.6 billion in senior notes in August 2006 and an additional \$1.5 billion of senior notes in June 2007. The incremental borrowings added during 2007 were used to fund capital expenditures, to fund acquisitions and to fund our acquisition of shares under our share repurchase program.

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### ***Other Expense, Net***

Other expense, net increased \$36 million, from \$9 million in 2007 to \$45 million in 2008. The increase was almost entirely attributable to foreign currency exchange losses incurred as the result of the weakening of foreign currencies against the U.S. dollar, particularly in the latter half of 2008.

### ***Income Taxes***

Our effective tax rates were 17.1% in 2008, 23.0% in 2007 and 25.9% in 2006. The decrease in our effective tax rate during 2008 and 2007 as compared to 2007 and 2006, respectively, was due to benefits realized from the refinement of our international tax structure and changes in our geographic earnings mix.

During 2008, we recorded a benefit of approximately \$100 million related to foreign taxes paid that will be used to reduce our future United States tax liability.

### **Segment Results**

#### ***North America***

North America revenues increased \$523 million, or 13%, in 2008 as compared to 2007 and outpaced a 7% increase in rig count over the comparable period. Revenues grew across all product lines, with artificial lift systems, drilling services and stimulation & chemicals product lines being the strongest contributors to the year-over-year increase.

Operating income increased \$112 million, or 11%, from \$1,013 million in 2007 to \$1,125 million in 2008. Operating margins declined slightly to 25% in 2008 compared to 26% in 2007.

North America revenues increased \$265 million, or 7%, in 2007 as compared to 2006. The increase in North America revenues was entirely attributable to the U.S. where the average rig count increased 7% over the same period. Our Canadian revenues decreased approximately 15% in 2007 as compared to 2006, which reflected the deterioration in drilling activity in the region. Canadian rig count over the comparable period decreased 27%. Revenues from our artificial lift, well construction, stimulation & chemicals and drilling services product lines were the strongest contributors to the year-over-year increase.

Operating income decreased \$28 million, or 3%, from \$1,041 million in 2006 to \$1,013 million in 2007. Operating margins were 26% in 2007 compared to 28% in 2006. The decline in operating income and margin was the result of the adverse conditions experienced in the Canadian market during 2007, particularly in our services businesses which typically contribute higher margins.

#### ***Middle East/North Africa/Asia***

Revenues in our Middle East/North Africa/Asia segment increased \$568 million, or 31%, in 2008 as compared to 2007. This region contributed approximately 32% of our total revenue growth for 2008 and exceeded the average rig count increase of 6% for this region over the comparable period. Revenues from our drilling services and integrated drilling product lines were among the strongest contributors to the year-over-year increase.

Operating income increased \$145 million, or 35%, from \$416 million in 2007 to \$561 million in 2008. Operating margins were 23% in both 2008 and 2007.

Revenues in our Middle East/North Africa/Asia segment increased \$471 million, or 35%, in 2007 as compared to 2006. This region contributed approximately 38% of our total revenue growth for 2007 and exceeded the average rig count increase of 9% for this region over the comparable period. Revenues from our drilling services, re-entry & fishing and well construction product lines were among the strongest contributors to the year-over-year increase.

Operating income increased \$136 million, or 49%, from \$280 million in 2006 to \$416 million in 2007. Operating margins were 23% in 2007 compared to 21% in 2006. The increase in operating income and margins was due to the incremental revenues generated during the current period to cover our fixed cost base.

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### *Europe/West Africa/CIS*

Revenues in our Europe/West Africa/CIS segment increased \$351 million, or 30%, in 2008 as compared to 2007. The region contributed approximately 20% of our total revenue growth for 2008 and exceeded the 20% increase in average rig count in the region over the comparable period. Revenues from our well construction and drilling services product lines were the strongest contributors to the year-over-year increase.

Operating income increased \$89 million, or 30%, from \$294 million in 2007 to \$383 million in 2008. Operating margins were 25% in both 2008 and 2007.

Revenues in our Europe/West Africa/CIS segment increased \$361 million, or 44%, in 2007 as compared to 2006. The region contributed approximately 29% of our total revenue growth for 2007 and exceeded the 1% increase in average rig count in the region over the comparable period. Revenues from our well construction, drilling services and completion systems product lines were the strongest contributors to the year-over-year increase.

Operating income increased \$122 million, or 71%, from \$172 million in 2006 to \$294 million in 2007. Operating margins were 25% in 2007 compared to 21% in 2006. This year-over-year improvement in operating income and margins was primarily the result of higher revenues during the current year absorbing the region's fixed cost base. In addition, 2007 operating results includes our share in earnings from our equity investment in a Russian joint venture acquired in June 2007.

### *Latin America*

Revenues in our Latin America segment increased \$327 million, or 37%, in 2008 as compared to 2007. The region contributed approximately 19% of our total revenue growth for 2008 and outpaced the 8% increase in Latin American rig count over the comparable period. Revenues from our drilling services, completion systems, artificial lift systems and integrated drilling service lines were the strongest contributors to the year-over-year increase.

Operating income increased \$74 million, or 36%, from \$203 million in 2007 to \$277 million in 2008. Operating margins were 23% in both 2008 and 2007.

Revenues in our Latin America segment increased \$156 million, or 21%, in 2007 as compared to 2006. This increase outpaced the 10% increase in Latin American rig count over the comparable period. Revenues from our artificial lift, drilling tools and drilling services service lines were the strongest contributors to the year-over-year increase.

Operating income increased \$70 million, or 53%, from \$133 million in 2006 to \$203 million in 2007. Operating margins were 23% in 2007 compared to 18% in 2006. The increase in operating income and margins was primarily attributable to the incremental revenues generated during the current year to cover our fixed cost base.

### **Discontinued Operation**

Our discontinued operation consists of our oil and gas development and production company. We had losses from our discontinued operation, net of taxes, of \$13 million, \$21 million and \$10 million for the years ended 2008, 2007 and 2006, respectively.

In June 2007, we approved a plan to sell our oil and gas development and production business. We finalized the divestiture of the business in June 2008. The 2008 loss includes charges of approximately \$21 million associated with a settlement of a legal dispute regarding the business. These charges were partially offset by an \$11 million gain, net of taxes, recognized upon the finalization of the divestiture. The 2007 loss includes approximately \$17 million, net of tax, for asset impairment charges related to write-downs of the operation's U.S. properties. In addition, we completed the sale of the operation's international properties in November 2007 and recorded a gain of approximately \$5 million, net of tax, in connection with the sale.

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### **Equity Investment Acquisition**

We acquired a 33% ownership interest in Premier Business Solutions ("PBS") in June 2007 for approximately \$330 million. PBS conducts business in Russia and is the world's largest electric submersible pump manufacturer by volume. In January 2008, we sold our electrical submersible pumps product line to PBS and received a combination of cash and an additional equity investment in PBS in consideration of the sale. This transaction increased our ownership percentage to approximately 40%.

### **Liquidity and Capital Resources**

#### *Sources of Liquidity*

Our sources of liquidity include current cash and cash equivalent balances, cash generated from operations, and committed availabilities under bank lines of credit. We also historically have accessed banks for short-term loans from uncommitted borrowing arrangements and the capital markets with debt, equity and convertible offerings. We maintain a shelf registration statement covering the future issuance of various types of debt and equity securities.

#### *Committed Borrowing Facilities*

We maintain a \$1.5 billion revolving credit agreement with a syndicate of banks. In March 2008, we entered into an additional \$250 million revolving credit facility. These facilities allow for a combination of borrowings, support for our commercial paper program and issuances of letters of credit and both mature in May 2011. In October 2008, we entered into an additional \$550 million in revolving credit facilities. These facilities allow for a combination of borrowings and issuances of letter of credits and mature in October 2009. The weighted average interest rate on outstanding borrowings of these facilities at December 31, 2008, was 0.9%.

Our committed borrowing facilities require us to maintain a debt-to-capitalization ratio of less than 60% and contains other covenants and representations customary for an investment-grade commercial credit. Our debt-to-capitalization ratio was 41% at December 31, 2008, which is in compliance with these covenants. The following is a recap of our availability under our committed borrowing facilities at December 31, 2008 (in millions):

Facilities	\$	2,300
Less uses of facility:		
Amount drawn		1,068
Commercial paper		128
Letters of credit		53
Availability	\$	<u>1,051</u>

#### *Commercial Paper*

We have a \$1.5 billion commercial paper program under which we may from time to time issue short-term, unsecured notes. Our commercial paper issuances are supported by our committed borrowing facilities. The weighted average interest rate related to outstanding commercial paper issuances at December 31, 2008 was 1.3%.

#### *Cash Requirements*

During 2009, we anticipate our cash requirements will include working capital needs and capital expenditures and may include opportunistic business acquisitions. We anticipate funding these requirements from cash generated from operations and, if necessary, from availability under our committed borrowing facilities.

Capital expenditures during the year ended December 31, 2008 were approximately \$2.3 billion, net of proceeds from tools lost down hole. We project our capital expenditures for 2009 will be approximately \$1.2 billion. We are projecting lower capital expenditures for the coming year as we adjust our spending to reflect slower growth in the current downward cycle of our industry.

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From time to time we acquire businesses or technologies or enter into joint ventures to increase our range of products and services, expand our geographic scope or otherwise enhance to our businesses. During the year ended December 31, 2008, we used approximately \$800 million in cash for business and technology acquisitions. Consideration for 2008 acquisitions also included the issuance of approximately eight million shares valued at approximately \$130 million. From time to time we also divest of businesses when we believe they are no longer core to our long-term growth strategy or when combining those businesses with a joint venture partner presents a strategic opportunity to us. In 2008, we generated \$297 million in cash on sales of businesses, including the sale of a 50% interest in a subsidiary we control to Qatar Petroleum, the sale of our electrical submersible pumps business to a joint venture in which we hold an equity interest and divestiture of non-core businesses.

In December 2005, our Board of Directors approved a share repurchase program under which we can spend up to \$1.0 billion to repurchase outstanding common shares. We may from time to time repurchase our common shares depending upon the price of our common shares, our liquidity and other considerations. As of December 31, 2008, we have \$205 million remaining availability under this share repurchase program. During the year ended December 31, 2008, no shares were repurchased.

### Contractual Obligations

The following summarizes our contractual obligations and contingent commitments by period. The obligations we pay in future periods may vary from those reflected here due to certain assumptions including the duration of our obligations and anticipated actions by third parties.

Obligations and Commitments	Payments Due by Period				Total
	2009	2010 and 2011	2012 and 2013 (In millions)	Thereafter	
Short-term debt	\$ 1,240	\$ —	\$ —	\$ —	\$ 1,240
Long-term debt(a)	11	359	1,352	2,852	4,574
Interest on long-term debt	279	555	433	2,505	3,772
Noncancellable operating leases	111	84	42	115	352
Purchase obligations	327	1	—	—	328
Total contractual obligations	<u>\$ 1,968</u>	<u>\$ 999</u>	<u>\$ 1,827</u>	<u>\$ 5,472</u>	<u>\$ 10,266</u>

- (a) Amounts represent the expected cash payments for our total debt and do not include any unamortized discounts or deferred gains on terminated interest rate swap agreements.

Due to the uncertainty with respect to the timing of future cash flows associated with our unrecognized tax benefits at December 31, 2008, we are unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authorities. Therefore, unrecognized tax benefits, including interest and penalties of \$59 million have been excluded from the contractual obligations table above.

We have defined benefit pension plans covering certain of our U.S. and international employees that provide various pension benefits. During 2008, we contributed \$15 million towards those plans, and for 2009, we anticipate funding approximately \$10 million through cash flows from operating activities.

### Senior Notes

In January 2009, we completed a \$1.25 billion long-term debt offering comprised of (i) \$1 billion of 9.625% Senior Notes due in 2019 ("9.625% Senior Notes") and (ii) \$250 million of 9.875% Senior Notes due in 2039 ("9.875% Senior Notes"). Net proceeds of \$1.23 billion were used to repay short-term borrowings and for general corporate purposes. Interest on the notes is due semi-annually on March 1 and September 1 of each year. As the interest rates on the 9.625% Senior Notes and 9.875% Senior Notes are higher than the rates of the short-term borrowings that we repaid, we anticipate that our interest expense in 2009 will be significantly higher than in 2008.

In March 2008, we completed a \$1.5 billion long-term debt offering comprised of (i) \$500 million of 5.15% Senior Notes due in 2013 ("5.15% Senior Notes"), (ii) \$500 million of 6.00% Senior Notes due 2018

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("6.00% Senior Notes") and (iii) \$500 million of 7.00% Senior Notes due 2038 ("7.00% Senior Notes"). Net proceeds of \$1.47 billion were used to repay short-term borrowings and for general corporate purposes, including capital expenditures and business acquisitions. Interest on these notes is due semi-annually on March 15 and September 15 of each year.

In June 2007, we completed a \$1.5 billion long-term debt offering comprised of (i) \$600 million of 5.95% senior notes due 2012 ("5.95% Senior Notes"), (ii) \$600 million of 6.35% senior notes due 2017 ("6.35% Senior Notes") and (iii) \$300 million of 6.80% senior notes due 2037 ("6.80% Senior Notes"). Net proceeds of approximately \$1.49 billion were used to repay outstanding borrowings on our commercial paper program and for general corporate purposes. Interest on these notes are due payable semi-annually on June 15 and December 15 of each year.

In August 2006, we completed an offering of \$600 million senior notes at a coupon rate of 6.50% ("6.50% Senior Notes") with a maturity in August 2036. Net proceeds of approximately \$590 million were used to partially repay outstanding borrowings on our commercial paper program. Interest on the notes is payable semi-annually in arrears on February 1 and August 1 of each year.

In May 2006, the stated maturity date, we repaid in full the outstanding \$200 million of 7.25% Senior Notes plus all accrued interest.

In February 2006, we completed an offering of \$350 million of 5.50% senior notes due 2016 ("5.50% Senior Notes"). Interest on the notes is payable semi-annually in arrears on February 15 and August 15 of each year. Net proceeds from the offering were approximately \$345 million and were used to reduce borrowings on our commercial paper program.

### *Interest Rate Swaps*

Upon completion of the long-term debt offering in March 2008, the Company entered into interest rate swap agreements on an aggregate notional amount of \$500 million against its 5.15% Senior Notes. These agreements were terminated in December 2008. As a result of these terminations, we received cash proceeds, net of accrued interest, of \$12 million. The gain associated with this interest rate swap termination has been deferred and will be amortized over the remaining term of the 5.15% Senior Notes. As of December 31, 2008 and 2007, we had net unamortized gains of \$21 million and \$12 million, respectively, associated with our interest rate swap terminations.

### *Other Derivative Instruments*

As of December 31, 2008 and 2007, we had several foreign currency forward contracts with notional amounts aggregating \$503 million and \$682 million, respectively, which were entered into to hedge exposure to currency fluctuations in various foreign currencies, including, but not limited to, the British pound sterling, the Canadian dollar, the euro and the Norwegian krone. The total estimated fair value of these contracts at December 31, 2008 resulted in a liability of approximately \$2 million and at December 31, 2007 resulted in an asset of approximately \$2 million. These derivative instruments were not designated as hedges and the changes in fair value of the contracts are recorded each period in current earnings.

In addition, after the closing of the acquisition of Precision Energy Services and Precision Drilling International, we entered into a series of cross-currency swaps between the U.S. dollar and Canadian dollar to hedge certain exposures to the Canadian dollar created as a result of the acquisition. At December 31, 2008 and 2007, we had notional amounts outstanding of \$280 million and \$364 million, respectively. The total estimated fair value of these contracts at December 31, 2008 and 2007 resulted in an asset of \$1 million and a liability of \$74 million, respectively. These derivative instruments were not designated as hedges and the changes in fair value of the contracts are recorded each period in current earnings.

### *Warrant*

On February 28, 2002, we issued Shell Technology Ventures Inc. a warrant to purchase up to 12.9 million common shares at a price of \$15.00 per share. Effective July 12, 2006, this agreement was amended and restated to reflect, among other things, changes in our capital structure. The warrant remains exercisable until February 28,

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2012 and is subject to adjustment for changes in our capital structure or the issuance of dividends in cash, securities or property. Upon exercise by the holder, settlement may occur through physical delivery, net share settlement, net cash settlement or a combination of those methods. The net cash settlement option upon exercise is at our sole discretion. In addition, the amended and restated warrant no longer contains a conversion feature, which previously allowed the warrant holder to convert the warrant into common shares. The amendment did not affect the accounting or classification of the warrant.

### ***Off Balance Sheet Arrangements***

#### *Guarantees*

The following obligations of Weatherford International, Inc. ("Issuer") were guaranteed by Weatherford International Ltd. ("Parent") as of December 31, 2008: (i) the 6.625% Senior Notes, (ii) the 5.95% Senior Notes, (iii) the 6.35% Senior Notes, and (iv) the 6.80% Senior Notes.

The following obligations of the Parent were guaranteed by the Issuer as of December 31, 2008: (i) the revolving credit facilities, (ii) the 4.95% Senior Notes, (iii) the 5.50% Senior Notes, (iv) the 6.50% Senior Notes, (v) the 5.15% Senior Notes, (vi) the 6.00% Senior Notes, (vii) the 7.00% Senior Notes and (viii) issuances of notes under the commercial paper program.

#### *Letters of Credit*

We execute letters of credit in the normal course of business. While these obligations are not normally called, these obligations could be called by the beneficiaries at any time before the expiration date should we breach certain contractual or payment obligations. As of December 31, 2008, we had \$273 million of letters of credit and bid and performance bonds outstanding, consisting of \$220 million outstanding under various uncommitted credit facilities and \$53 million letters of credit outstanding under our committed facilities. If the beneficiaries called these letters of credit, the called amount would become an on-balance sheet liability, and our available liquidity would be reduced by the amount called.

### **Critical Accounting Policies and Estimates**

Our discussion and analysis of our financial condition and results of operation is based upon our consolidated financial statements. We prepare these financial statements in conformity with U.S. generally accepted accounting principles. As such, we are required to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. We base our estimates on historical experience, available information and various other assumptions we believe to be reasonable under the circumstances. On an on-going basis, we evaluate our estimates; however, actual results may differ from these estimates under different assumptions or conditions. The accounting policies we believe require management's most difficult, subjective or complex judgments and are the most critical to our reporting of results of operations and financial position are as follows:

#### ***Business Combinations and Goodwill and Indefinite-Lived Intangible Assets***

Goodwill and intangible assets acquired in connection with business combinations represent the excess of consideration over the fair value of tangible net assets acquired. Certain assumptions and estimates are employed in determining the fair value of assets acquired, the fair value of liabilities assumed, as well as in determining the allocation of goodwill to the appropriate reporting unit.

We perform an impairment test for goodwill and indefinite-lived intangible assets annually as of October 1, or earlier if indicators of potential impairment exist. In addition, we updated our goodwill impairment test in December 2008 as a result of a decline in our share price experienced during the fourth quarter. Our goodwill impairment test involves a comparison of the fair value of each of our reporting units with their carrying value. Our reporting units are based on our regional structure and consist of the United States, Canada, Latin America, Europe, West Africa, Russia/CIS, Middle East/North Africa and Asia Pacific. Our impairment test for indefinite-lived intangible assets involves the comparison of the fair value of the intangible asset and its carrying value. The fair value is determined using discounted cash flows using a discount rate adjusted for the credit risk of the regional reporting unit tested. Certain estimates and judgments are required in the application of these fair value models.

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The discounted cash flow analysis consists of estimating the future cash flows that are directly associated with each of our reporting units. These cash flows are inherently subjective and require significant estimates based upon historical experience and future expectations such as budgets and industry projections. We have determined no impairment exists; however, if for any reason the fair value of our goodwill or that of any of our reporting units or the fair value of our intangible assets with indefinite lives declines below the carrying value in the future, we may incur charges for the impairment. The amount of the impairment, if any, is then determined based on an allocation of the reporting unit fair values to individual assets and liabilities.

### ***Long-Lived Assets***

Long-lived assets, which includes property, plant and equipment and definite-lived intangibles, comprise a significant amount of our assets. In accounting for long-lived assets, we must make estimates about the expected useful lives of the assets and the potential for impairment based on the fair value of the assets and the cash flows they are expected to generate. The value of the long-lived assets is then amortized over its expected useful life. A change in the estimated useful lives of our long-lived assets would have an impact on our results of operations. We estimate the useful lives of our long-lived asset groups as follows:

	<u>Useful Lives</u>
Buildings and leasehold improvements	5-40 years or lease term
Rental and service equipment	2-20 years
Machinery and other	2-12 years
Intangible assets	2-20 years

In estimating the useful lives of our property, plant and equipment, we rely primarily on our actual experience with the same or similar assets. The useful lives of our intangible assets are determined by the years over which we expect the assets to generate a benefit based on legal, contractual or regulatory terms.

Long-lived assets to be held and used by us are reviewed to determine whether any events or changes in circumstances indicate that we may not be able to recover the carrying amount of the asset. Factors that might indicate a potential impairment may include, but are not limited to, significant decreases in the market value of the long-lived asset, a significant change in the long-lived asset's physical condition, the introduction of competing technologies, legal challenges, a change in industry conditions or a reduction in cash flows associated with the use of the long-lived asset. If these or other factors exist that indicate the carrying amount of the asset may not be recoverable, we determine whether an impairment has occurred through the use of an undiscounted cash flow analysis. The undiscounted cash flow analysis consists of estimating the future cash flows that are directly associated with and expected to arise from the use and eventual disposition of the asset over its remaining useful life. These cash flows are inherently subjective and require significant estimates based upon historical experience and future expectations such as budgets and internal projections. If the undiscounted cash flows do not exceed the carrying value of the long-lived asset, an impairment has occurred, and we recognize a loss for the difference between the carrying amount and the estimated fair value of the asset. The fair value of the asset is measured using market prices, or in the absence of market prices, is based on an estimate of discounted cash flows. Cash flows are generally discounted at an interest rate commensurate with our weighted average cost of capital for a similar asset.

### ***Employee Share-Based Compensation***

Statement of Financial Accounting Standards ("SFAS") No. 123 (Revised 2004) *Share-Based Payment* ("SFAS No. 123R") addresses the accounting for all share-based payment awards, including shares issued under employee stock purchase plans, stock options, restricted stock and stock appreciation rights. Under SFAS No. 123R, companies account for share-based compensation transactions using a fair-value method and recognize the expense in the consolidated statement of income.

The fair value of options is estimated using the Black-Scholes option pricing model. Key assumptions in the Black-Scholes option pricing model, some of which are based on subjective expectations, are subject to change. A change in one or more of these assumptions would impact the expense associated with future grants. These key assumptions include the volatility of our common shares, the risk-free interest rate and the expected life of options.

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We used the following weighted average assumptions in the Black-Scholes option pricing model for determining the fair value of our 2006 and 2007 stock option grants. There were no stock options granted in 2008.

	Year Ended December 31,	
	2007	2006
Expected volatility	31.0%	36.2%
Expected dividends	—	—
Expected term (in years)	5.0	5.0
Risk-free rate	4.5%	4.7%

We calculated the expected volatility of options granted in 2007 using a blended rate based upon implied volatility calculated on actively traded options on our common shares and upon the historical volatility of our common shares. We calculated the expected volatility for options granted in 2006 by measuring the volatility of our historical stock price for a period equal to the expected life of the option and ending at the time the option was granted. We determined the risk-free interest rate based upon the interest rate on a U.S. Treasury Bill with a term equal to the expected life of the option at the time the option was granted. In estimating the expected lives of our stock options, we have relied primarily on our actual experience with our previous stock option grants. The expected life is less than the term of the option as option holders, in our experience, exercise or forfeit the options during the term of the option.

### *Pension and Other Postretirement Benefits*

Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)* ("SFAS No. 158") requires recognition of the overfunded or underfunded status of an entity's defined benefit or postretirement plan as an asset or liability in the financial statements, requires the measurement of defined benefit or postretirement plan assets and obligations as of the end of the employer's fiscal year, and requires recognition of the previously deferred portion of defined benefit or postretirement plans in other comprehensive income.

Amounts recognized in the financial statements must be determined on an actuarial basis. Two of the more critical assumptions in the actuarial calculations are the discount rate for determining the current value of plan benefits and the expected rate of return on plan assets. Discount rates are based on the yields of government bonds or high quality corporate bonds in the respective country or economic market. The expected long-term rates of return on plan assets are based on a combination of historical experience and anticipated future returns in each of the asset categories. As we have both domestic and international plans, the assumptions, though the same in nature, are based on varying factors specific to each particular country or economic environment. Changes in any of the assumptions used could impact our projected benefit obligations and benefit costs as well as other pension and postretirement benefit calculations.

Due to the significance of the discount rates and expected long-term rates of return, the following sensitivity analysis demonstrates the effect that a 50 basis point change in those assumptions will have on annual pension expense:

	Increase (Decrease) of Annual Pension Expense	
	50 Basis Point Increase	50 Basis Point Decrease
	(In millions)	
Discount rate	\$ (1.4)	\$ 1.4
Expected long-term rate of return	(0.4)	0.4

### *Percentage of Completion*

Revenue from long-term contracts, primarily for our integrated project management services, is reported on the percentage-of-completion method of accounting. This method of accounting requires us to calculate contract

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profit to be recognized in each reporting period for each contract based upon our projections of future outcomes, which include:

- estimates of the total cost to complete the project;
- estimates of project schedule and completion date;
- estimates of the extent of progress toward completion; and
- amounts of any change orders or claims included in revenue.

Measurements of progress are generally output based related to physical progress. At the outset of each contract, we prepare a detailed analysis of our estimated cost to complete the project. Risks related to service delivery, usage, productivity, and other factors are considered in the estimation process. Our personnel periodically evaluate the estimated costs, claims, change orders, and percentage of completion at the contract level. The recording of profits and losses on long-term contracts requires an estimate of the total profit or loss over the life of each contract. This estimate requires consideration of total contract value, change orders, and claims, less costs incurred and estimated costs to complete. There are many factors that impact future costs, including but not limited to weather, inflation, labor and community disruptions, timely availability of materials, productivity, and other factors as outlined in our "Risk Factors." Anticipated losses on contracts are recorded in full in the period in which they become evident. Profits are recorded based upon the total estimated contract profit times the current percentage complete for the contract. At least quarterly, significant contracts are reviewed in detail by senior management.

### ***Income Taxes***

We provide for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. This standard takes into account the differences between the financial statement treatment and tax treatment of certain transactions. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates is recognized as income or expense in the period that includes the enactment date. Our effective tax rates for 2008, 2007 and 2006 were 17.1%, 23.0% and 25.9%, respectively.

Effective January 1, 2007, we adopted the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109* ("FIN No. 48"). FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attributes of income tax positions taken or expected to be taken on a tax return. Under FIN No. 48, the impact of an uncertain tax position taken or expected to be taken on an income tax return must be recognized in the financial statements at the largest amount that is more-likely-than-not to be sustained upon examination by the relevant taxing authority.

We operate in approximately 100 countries through various legal entities. As a result, we are subject to numerous domestic and foreign tax jurisdictions and tax agreements and treaties among the various taxing authorities. Our operations in these jurisdictions are taxed on various bases: income before taxes, deemed profits (which is generally determined using a percentage of revenues rather than profits) and withholding taxes based on revenue. The calculation of our tax liabilities involves consideration of uncertainties in the application and interpretation of complex tax regulations in a multitude of jurisdictions across our global operations. We recognize potential liabilities and record tax liabilities for anticipated tax audit issues in the U.S. and other tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes will be due. The tax liabilities are reflected net of realized tax loss carryforwards. We adjust these reserves upon specific events; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is different from our current estimate of the tax liabilities. If our estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If payment of these amounts ultimately proves to be less than the recorded amounts, the reversal of the liabilities would result in tax benefits being recognized in the period when the contingency has been resolved and the liabilities are no longer necessary. If the tax liabilities relate to tax uncertainties existing at the date of the acquisition of a business, the adjustment of such tax liabilities will result in

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an adjustment to the goodwill recorded at the date of acquisition. Changes in tax laws, regulations, agreements and treaties, foreign currency exchange restrictions or our level of operations or profitability in each taxing jurisdiction could have an impact upon the amount of income taxes that we provide during any given year.

### ***Valuation Allowance for Deferred Tax Assets***

We record a valuation allowance to reduce the carrying value of our deferred tax assets when it is more likely than not that a portion or all of the deferred tax assets will expire before realization of the benefit or that future deductibility is not probable. The ultimate realization of the deferred tax assets depends on the ability to generate sufficient taxable income of the appropriate character and in the related jurisdiction in the future. In evaluating our ability to recover our deferred tax assets, we consider all reasonably available positive and negative evidence, including our past operating results, the existence of cumulative losses in the most recent years and our forecast of future taxable income. In estimating future taxable income, we develop assumptions, including the amount of future state, federal and international pretax operating income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment.

We have identified various domestic and international tax planning strategies that we would implement, if necessary, to enable the realization of our deferred tax assets; however, when the likelihood of the realization of existing deferred tax assets changes, adjustments to the valuation allowance are charged to our income tax provision in the period in which the determination is made.

As of December 31, 2008, our net deferred tax assets were \$133 million before a related valuation allowance of \$69 million. As of December 31, 2007, our net deferred tax assets were \$66 million before a related valuation allowance of \$62 million.

For a more comprehensive list of our accounting policies, see "Item 8. Financial Statements and Supplementary Data — Notes to Consolidated Financial Statements — Note 1."

### **New Accounting Pronouncements**

In September 2006, the FASB issued Statement No. 157, *Fair Value Measurements* ("SFAS No. 157"), which defines fair value, established a framework for measuring fair value under generally accepted accounting principles ("GAAP") and expands disclosures about fair value measurements. SFAS No. 157 applies to other accounting pronouncements that require or permit fair value measurements. Effective January 1, 2008, we adopted SFAS No. 157 as it relates to financial assets and financial liabilities. In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, *Effective Date of FASB Statement No. 157*, which delayed the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on at least an annual basis, until January 1, 2009 for calendar year-end entities. Accordingly, we will defer the adoption of SFAS No. 157 for its nonfinancial assets and nonfinancial liabilities until January 1, 2009.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* ("SFAS No. 141R"). SFAS No. 141R establishes principles and requirements for how a company recognizes assets acquired, liabilities assumed, contractual contingencies and contingent consideration measured at fair value at the acquisition date. The Statement also establishes disclosure requirements which will enable users to evaluate the nature and financial effect of the business combination. SFAS No. 141R is effective for business combinations completed in fiscal years beginning after December 15, 2008.

In December 2007, the FASB issued SFAS No. 160 *Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51* ("SFAS No. 160"). SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. The Statement also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interest of the parent and the interest of the noncontrolling owners. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008.

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In March 2008, the FASB issued Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities* ("SFAS No. 161"). SFAS No. 161 requires enhanced disclosures about an entity's derivative and hedging activity. Entities are required to provide enhanced disclosures about how and why they use derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133 and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008.

### **Item 7A. Quantitative and Qualitative Disclosure About Market Risk**

We are currently exposed to market risk from changes in foreign currency and changes in interest rates. From time to time, we may enter into derivative financial instrument transactions to manage or reduce our market risk, but we do not enter into derivative transactions for speculative purposes. A discussion of our market risk exposure in these financial instruments follows.

#### **Foreign Currency Exchange Rates**

We operate in virtually every oil and natural gas exploration and production region in the world. In some parts of the world, such as the Middle East and Southeast Asia, the currency of our primary economic environment is the U.S. dollar. We use this as our functional currency. In other parts of the world, we conduct our business in currencies other than the U.S. dollar and the functional currency is the applicable local currency. In those countries in which we operate in the local currency, the effects of foreign currency fluctuations are largely mitigated because local expenses of such foreign operations are also generally denominated in the same currency.

Assets and liabilities of which the functional currency is the local currency are translated into U.S. dollars using the exchange rates in effect at the balance sheet date, resulting in translation adjustments that are reflected as Accumulated Other Comprehensive Income in the shareholders' equity section on our Consolidated Balance Sheets. A portion of our net assets are impacted by changes in foreign currencies in relation to the U.S. dollar. We recorded a \$683 million adjustment to decrease our equity account for the year ended December 31, 2008 to reflect the net impact of the strengthening of the U.S. dollar against various foreign currencies.

As of December 31, 2008 and 2007, we had several foreign currency forward contracts with notional amounts aggregating \$503 million and \$682 million, respectively, which were entered into to hedge exposure to currency fluctuations in various foreign currencies, including, but not limited to, the British pound sterling, the Canadian dollar, the euro and the Norwegian krone. The total estimated fair value of these contracts at December 31, 2008 resulted in a liability of approximately \$2 million and at December 31, 2007, resulted in an asset of approximately \$2 million. These derivative instruments were not designated as hedges and the changes in fair value of the contracts are recorded each period in current earnings.

In addition, after the closing of the acquisition of Precision Energy Services and Precision Drilling International, we entered into a series of cross-currency swaps between the U.S. dollar and Canadian dollar to hedge certain exposures to the Canadian dollar created as a result of the acquisition. At December 31, 2008 and 2007, we had notional amounts outstanding of \$280 million and \$364 million, respectively. The estimated fair value of these contracts at December 31, 2008 and 2007 resulted in an asset of \$1 million and a liability of \$74 million, respectively. These derivative instruments were not designated as hedges and the changes in fair value of the contracts are recorded each period in current earnings.

#### **Interest Rates**

We are subject to interest rate risk on our long-term fixed-interest rate debt and variable-interest rate borrowings. Variable rate debt, where the interest rate fluctuates periodically, exposes us to short-term changes in market interest rates. Fixed rate debt, where the interest rate is fixed over the life of the instrument, exposes us to

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changes in market interest rates reflected in the fair value of the debt and to the risk that we may need to refinance maturing debt with new debt at a higher rate. All other things being equal, the fair value of our fixed rate debt will increase or decrease as interest rates change.

Our long-term borrowings that were outstanding at December 31, 2008 subject to interest rate risk consist of the following:

	December 31,			
	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In millions)			
6.625% Senior Notes due 2011	\$ 354	\$ 330	\$ 356	\$ 369
5.95% Senior Notes due 2012	599	585	599	618
5.15% Senior Notes due 2012	511	463	—	—
4.95% Senior Notes due 2013	254	213	255	245
5.50% Senior Notes due 2016	349	306	349	338
6.35% Senior Notes due 2017	600	513	600	624
6.00% Senior Notes due 2018	498	456	—	—
6.50% Senior Notes due 2036	596	495	596	598
6.80% Senior Notes due 2037	298	227	298	313
7.00% Senior Notes due 2038	498	394	—	—

We have various other long-term debt instruments of \$24 million at December 31, 2008, but believe the impact of changes in interest rates in the near term will not be material to these instruments. Short-term borrowings of \$1.2 billion at December 31, 2008 approximate fair value.

As it relates to our variable rate debt, if market interest rates average 1% more in 2009 than the rates as of December 31, 2008, interest expense for 2009 would increase by \$13 million. This amount was determined by calculating the effect of the hypothetical interest rate on our variable rate debt. This sensitivity analysis assumes there are no changes in our financial structure.

### Interest Rate Swaps and Derivatives

We manage our debt portfolio to achieve an overall desired position of fixed and floating rates and may employ interest rate swaps as a tool to achieve that goal. The major risks from interest rate derivatives include changes in the interest rates affecting the fair value of such instruments, potential increases in interest expense due to market increases in floating interest rates and the creditworthiness of the counterparties in such transactions. The counterparties to our interest rate swaps are multinational commercial banks. In light of recent events in the global credit markets and the potential impact of these events on the liquidity of the banking industry, we continue to monitor the creditworthiness of our counterparties.

We use interest rate swaps to take advantage of available short-term interest rates. Amounts received upon termination of the swaps represent the fair value of the agreements at the time of termination and are recorded as an adjustment to the carrying value of the related debt. These amounts are being amortized as a reduction to interest expense over the remaining term of the debt.

Upon completion of the long-term debt offering in March 2008, we entered into interest rate swap agreements on an aggregate notional amount of \$500 million against our 5.15% Senior Notes. These agreements were terminated in December 2008. As a result of these terminations, we received cash proceeds, net of accrued interest, of \$12 million. The gain associated with this interest rate swap termination has been deferred and will be amortized over the remaining term of the 5.15% Senior Notes.

As of December 31, 2008 and 2007, we had net unamortized gains of \$21 million and \$12 million, respectively, associated with interest rate swap terminations. Our interest expense was reduced by \$3 million and \$2 million for the years ended December 31, 2008 and 2007, respectively.

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**Item 8. *Financial Statements and Supplementary Data***

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## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in the Securities Exchange Act of 1934 Rule 13a-15(f). The Company's internal controls were designed to provide reasonable assurance as to the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2008. In making its assessment, management has utilized the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework*. Based on this assessment, management concluded that as of December 31, 2008 the Company's internal control over financial reporting is effective.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2008, has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders of  
Weatherford International Ltd. and subsidiaries

We have audited Weatherford International Ltd.'s internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Weatherford International Ltd.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Weatherford International Ltd. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008 based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Weatherford International Ltd. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2008, and our report dated February 24, 2009 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Houston, Texas  
February 24, 2009

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders of  
Weatherford International Ltd. and subsidiaries

We have audited the accompanying consolidated balance sheets of Weatherford International Ltd. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Weatherford International Ltd. and subsidiaries at December 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, effective January 1, 2007, the Company adopted FASB Interpretations — FIN 48: *Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109* and, as discussed in Note 15, effective December 31, 2006 the Company adopted Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)*.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Weatherford International Ltd.'s internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 24, 2009 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Houston, Texas  
February 24, 2009

**WEATHERFORD  
INTERNATIONAL LTD. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**December 31,**  
**2008**      **2007**  
**(In thousands, except par value)**

<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 238,398	\$ 170,714
Accounts Receivable, Net of Allowance for Uncollectible Accounts of \$16,425 in 2008 and \$13,760 in 2007	2,442,848	1,961,854
Inventories	2,088,342	1,607,684
Current Deferred Tax Assets	270,252	165,508
Other Current Assets	530,442	566,009
	5,570,282	4,471,769
<b>Property, Plant and Equipment, at Cost:</b>		
Land, Buildings and Leasehold Improvements	756,416	557,081
Rental and Service Equipment	6,246,278	4,497,113
Machinery and Other	1,610,474	1,499,713
	8,613,168	6,553,907
Less: Accumulated Depreciation	2,690,996	2,400,062
	5,922,172	4,153,845
Goodwill	3,530,915	3,358,490
Other Intangible Assets, Net	701,483	596,999
Equity Investments	515,770	368,618
Other Assets	235,891	241,236
	<b>\$ 16,476,513</b>	<b>\$ 13,190,957</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Short-term Borrowings and Current Portion of Long-term Debt	\$ 1,255,947	\$ 774,220
Accounts Payable	886,104	612,775
Accrued Salaries and Benefits	257,016	239,870
Income Taxes Payable	82,489	97,482
Other Current Liabilities	540,537	478,018
	3,022,093	2,202,365
Long-term Debt	4,564,255	3,066,335
Deferred Tax Liabilities	228,576	197,494
Other Liabilities	295,540	284,717
	8,110,464	5,750,911
Minority Interest in Consolidated Subsidiaries	80,401	33,327
<b>Shareholders' Equity:</b>		
Common Shares, \$1 Par Value, Authorized 1,000,000 Shares, Issued 728,689 and 727,204 Shares, Respectively	728,689	727,204
Capital in Excess of Par Value	4,059,112	3,995,747
Treasury Shares, Net	(759,477)	(924,202)
Retained Earnings	4,524,085	3,170,182
Accumulated Other Comprehensive Income (Loss)	(266,761)	437,788
	8,285,648	7,406,719
	<b>\$ 16,476,513</b>	<b>\$ 13,190,957</b>

The accompanying notes are an integral part of these consolidated financial statements.

**WEATHERFORD  
INTERNATIONAL LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME**

	<u>Year Ended December 31,</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
(In thousands, except per share amounts)			
Revenues:			
Products	\$ 3,564,636	\$ 2,983,427	\$ 2,490,059
Services	<u>6,035,928</u>	<u>4,848,635</u>	<u>4,088,869</u>
	9,600,564	7,832,062	6,578,928
Costs and Expenses:			
Cost of Products	2,555,965	2,087,296	1,731,373
Cost of Services	3,686,495	2,970,314	2,481,460
Research and Development	192,659	169,317	149,429
Selling, General and Administrative Attributable to Segments	1,081,165	850,359	746,386
Corporate General and Administrative	187,075	130,440	115,593
Gain on Sale of Subsidiary	<u>(81,344)</u>	<u>—</u>	<u>—</u>
	7,622,015	6,207,726	5,224,241
Operating Income	1,978,549	1,624,336	1,354,687
Other Income (Expense):			
Interest Expense, Net	(243,679)	(171,281)	(102,560)
Other, Net	<u>(44,956)</u>	<u>(8,569)</u>	<u>(13,218)</u>
Income from Continuing Operations Before Income Taxes and Minority Interest	1,689,914	1,444,486	1,238,909
Provision for Income Taxes	<u>(288,811)</u>	<u>(332,760)</u>	<u>(321,473)</u>
Income from Continuing Operations Before Minority Interest	1,401,103	1,111,726	917,436
Minority Interest, Net of Taxes	<u>(34,272)</u>	<u>(19,751)</u>	<u>(11,330)</u>
Income from Continuing Operations	1,366,831	1,091,975	906,106
Loss from Discontinued Operation, Net of Taxes	<u>(12,928)</u>	<u>(21,369)</u>	<u>(9,737)</u>
Net Income	<u>\$ 1,353,903</u>	<u>\$ 1,070,606</u>	<u>\$ 896,369</u>
Basic Earnings Per Share:			
Income from Continuing Operations	\$ 2.00	\$ 1.61	\$ 1.31
Loss from Discontinued Operation	<u>(0.02)</u>	<u>(0.03)</u>	<u>(0.02)</u>
Net Income	<u>\$ 1.98</u>	<u>\$ 1.58</u>	<u>\$ 1.29</u>
Diluted Earnings Per Share:			
Income from Continuing Operations	\$ 1.96	\$ 1.57	\$ 1.28
Loss from Discontinued Operation	<u>(0.02)</u>	<u>(0.03)</u>	<u>(0.02)</u>
Net Income	<u>\$ 1.94</u>	<u>\$ 1.54</u>	<u>\$ 1.26</u>
Weighted Average Shares Outstanding:			
Basic	682,704	677,032	692,246
Diluted	698,178	695,516	709,664

The accompanying notes are an integral part of these consolidated financial statements.

**WEATHERFORD  
INTERNATIONAL LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

	Common Shares \$1 Par	Capital In Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares		Deferred Compensation	Total Shareholders' Equity
					Shares	Share Value		
(In thousands, except par value)								
Balance at December 31, 2005	\$ 717,946	\$ 3,805,392	\$ 1,202,938	\$ 92,652	(23,718)	\$ (170,035)	\$ 17,924	\$ 5,666,817
Comprehensive Income:								
Net Income	—	—	896,369	—	—	—	—	896,369
Foreign Currency Translation Adjustment	—	—	—	45,445	—	—	—	45,445
Pension Liability Adjustment, Net of Tax	—	—	—	3,292	—	—	—	3,292
Unrealized Gain on Derivative Instruments, Net of Tax	—	—	—	4,693	—	—	—	4,693
Other, Net of Tax	—	—	—	134	—	—	—	134
Comprehensive Income	—	—	896,369	53,564	—	—	—	949,933
Adjustment to Initially Apply FASB Statement No. 158, Net of Tax	—	—	—	(27,063)	—	—	—	(27,063)
Divestiture of Subsidiary Shares	—	5,336	—	—	—	—	—	5,336
Purchase of Treasury Shares	—	—	—	—	(25,050)	(548,575)	—	(548,575)
Equity Awards Granted, Vested and Exercised	5,896	84,139	—	—	4,226	18,176	—	108,211
Excess Tax Benefit of Share-Based Compensation Plans	—	14,121	—	—	—	—	—	14,121
Other	—	4,625	—	—	278	1,535	(141)	6,019
Balance at December 31, 2006	723,842	3,913,613	2,099,307	119,153	(44,264)	(698,899)	17,783	6,174,799
Comprehensive Income:								
Net Income	—	—	1,070,606	—	—	—	—	1,070,606
Foreign Currency Translation Adjustment	—	—	—	334,217	—	—	—	334,217
Defined Benefit Pension Plans, Net of Tax	—	—	—	(15,736)	—	—	—	(15,736)
Other, Net of Tax	—	—	—	154	—	—	—	154
Comprehensive Income	—	—	1,070,606	318,635	—	—	—	1,389,241
Purchase of Treasury Shares	—	—	—	—	(10,224)	(246,190)	—	(246,190)
Equity Awards Granted, Vested and Exercised	3,362	52,031	—	—	5,502	2,733	—	58,126
Excess Tax Benefit of Share-Based Compensation Plans	—	28,895	—	—	—	—	—	28,895
Adoption of FIN No. 48	—	—	269	—	—	—	—	269
Other	—	1,208	—	—	(32)	(2,886)	3,257	1,579
Balance at December 31, 2007	727,204	3,995,747	3,170,182	437,788	(49,018)	(945,242)	21,040	7,406,719
Comprehensive Income:								
Net Income	—	—	1,353,903	—	—	—	—	1,353,903
Foreign Currency Translation Adjustment	—	—	—	(682,669)	—	—	—	(682,669)
Deferred Loss on Derivative Instruments	—	—	—	(12,576)	—	—	—	(12,576)
Defined Benefit Pension Plans, Net of Tax	—	—	—	(9,788)	—	—	—	(9,788)
Other, Net of Tax	—	—	—	484	—	—	—	484
Comprehensive Income	—	—	1,353,903	(704,549)	—	—	—	649,354
Shares Issued in Acquisition	—	(38,683)	—	—	7,709	168,817	—	130,134
Equity Awards Granted, Vested and Exercised	1,433	102,019	—	—	924	(2,331)	—	101,121
Excess Tax Benefit of Share-Based Compensation Plans	—	10,032	—	—	—	—	—	10,032
Other	52	(10,003)	—	—	18	(4,104)	2,343	(11,712)
Balance at December 31, 2008	\$ 728,689	\$ 4,059,112	\$ 4,524,085	\$ (266,761)	(40,367)	\$ (782,860)	\$ 23,383	\$ 8,285,648

The accompanying notes are an integral part of these consolidated financial statements.

**WEATHERFORD  
INTERNATIONAL LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Year Ended December 31,</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>(In thousands)</b>		
<b>Cash Flows From Operating Activities:</b>			
Net Income	\$ 1,353,903	\$ 1,070,606	\$ 896,369
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Operating Activities:			
Depreciation and Amortization	731,808	606,226	482,948
Gain on Sale of Assets and Businesses, Net	(110,326)	(41,185)	(42,232)
Loss from Discontinued Operation	12,928	21,369	9,737
Employee Stock-Based Compensation Expense	101,416	64,901	62,739
Excess Tax Benefits from Share-Based Compensation	(10,032)	(28,895)	(14,121)
Minority Interest	34,272	19,751	11,330
Deferred Income Tax Provision (Benefit)	(41,442)	28,873	48,413
Other, Net	(12,587)	4,608	5,760
Change in Operating Assets and Liabilities, Net of Effect of Businesses Acquired:			
Accounts Receivable	(461,239)	(296,120)	(299,335)
Inventories	(581,981)	(417,305)	(338,323)
Other Current Assets	(168,140)	(45,794)	(66,561)
Accounts Payable	230,596	74,815	27,018
Accrued Current Liabilities	62,715	(108,362)	255,009
Other, Net	(31,104)	(70,833)	55,155
Net Cash Provided by Operating Activities-Continuing Operations	1,110,787	882,655	1,093,906
Net Cash Used by Operating Activities-Discontinued Operation	(6,219)	(10,149)	(6,887)
Net Cash Provided by Operating Activities	1,104,568	872,506	1,087,019
<b>Cash Flows from Investing Activities:</b>			
Acquisitions of Businesses, Net of Cash Acquired	(798,530)	(275,149)	(194,314)
Capital Expenditures for Property, Plant and Equipment for Continuing Operations	(2,484,163)	(1,635,041)	(1,051,100)
Acquisition of Intellectual Property	(24,079)	(23,035)	(31,201)
(Purchase) Sale of Equity Investments in Unconsolidated Affiliates	(11,568)	(335,220)	14,240
Proceeds from Sale of Assets and Businesses, Net	297,285	84,476	39,860
Other Investing Activities	—	(38,500)	—
Net Cash Used by Investing Activities-Continuing Operations	(3,021,055)	(2,222,469)	(1,222,515)
Net Cash Used by Investing Activities-Discontinued Operation	11,000	(10,579)	(19,984)
Net Cash Used by Investing Activities	(3,010,055)	(2,233,048)	(1,242,499)
<b>Cash Flows From Financing Activities:</b>			
Borrowings of (Repayments on) Short-term Debt, Net	477,821	117,865	(109,490)
Borrowings of Long-term Debt	1,498,874	1,488,934	947,820
Repayments on Long-term Debt	(20,541)	(18,171)	(215,805)
Purchase of Treasury Shares	—	(246,190)	(548,575)
Proceeds from Exercise of Stock Options	9,942	34,192	55,438
Excess Tax Benefits from Share-Based Compensation	10,032	28,895	14,121
Other Financing Activities, Net	1,403	(3,896)	1,603
Net Cash Provided by Financing Activities-Continuing Operations	1,977,531	1,401,629	145,112
Net Cash Provided by Financing Activities-Discontinued Operation	—	—	—
Net Cash Provided by Financing Activities	1,977,531	1,401,629	145,112
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(4,360)	3,340	2,410
Net Increase (Decrease) in Cash and Cash Equivalents	67,684	44,427	(7,958)
Cash and Cash Equivalents at Beginning of Year	170,714	126,287	134,245
Cash and Cash Equivalents at End of Year	<u>\$ 238,398</u>	<u>\$ 170,714</u>	<u>\$ 126,287</u>

The accompanying notes are an integral part of these consolidated financial statements.

**WEATHERFORD  
INTERNATIONAL, LTD. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

*Basis of Presentation*

*Principles of Consolidation*

The consolidated financial statements include the accounts of Weatherford International Ltd. (a Bermuda exempted company) ("Weatherford Limited"), all majority-owned subsidiaries and all joint ventures for which we control or variable interest entities for which the Company has determined they are the primary beneficiary (collectively, "the Company"). Investments in affiliates in which the Company exercises significant influence over operating and financial policies are accounted for on the equity method. All material intercompany accounts and transactions have been eliminated in consolidation. Beginning in 2008, the Company's Qatar operations are conducted through a variable interest entity, in which the Company believes it is the primary beneficiary. Accordingly, the Company consolidates this entity and reflects a minority interest.

*Nature of Operations*

The Company is one of the largest global providers of innovative mechanical solutions, technology and services for the drilling and production sectors of the oil and natural gas industry.

*Reclassifications*

Certain reclassifications have been made to our fixed asset and minority interest classifications to conform prior year financial information to the current period presentation.

*Discontinued Operation*

In June 2007, the Company's management approved a plan to sell its oil and gas development and production business. The business was historically included in the Company's North America and Europe/West Africa/CIS segments. The results of operations, financial position and cash flows of the business have been reflected in the consolidated financial statements and notes as a discontinued operation for all periods presented. The assets and liabilities held for sale were included in Other Current Assets and Other Current Liabilities, respectively, in the Consolidated Balance Sheets at December 31, 2007. The Company finalized the divestiture of the business in 2008.

*Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period and disclosure of contingent liabilities. On an ongoing basis, the Company evaluates its estimates, including those related to uncollectible accounts receivable, lower of cost or market value of inventories, equity investments, intangible assets and goodwill, property, plant and equipment, income taxes, percentage-of-completion accounting for long-term contracts, self-insurance, pension and postretirement benefit plans and contingent liabilities. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities not readily apparent from other sources. Actual results could differ from those estimates.

*Cash and Cash Equivalents*

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**WEATHERFORD  
INTERNATIONAL, LTD. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

***Accounts Receivable and Allowance for Uncollectible Accounts***

Accounts receivable are stated at the historical carrying amount net of allowances for uncollectible accounts. The Company establishes an allowance for uncollectible accounts based on specific customer collection issues the Company has identified. Uncollectible accounts receivable are written off when a settlement is reached for an amount less than the outstanding historical balance or when the Company has determined the balance will not be collected.

***Major Customers and Credit Risk***

Substantially all of the Company's customers are engaged in the energy industry. This concentration of customers may impact the Company's overall exposure to credit risk, either positively or negatively, in that customers may be similarly affected by changes in economic and industry conditions. The Company performs ongoing credit evaluations of its customers and does not generally require collateral in support of its trade receivables. The Company maintains reserves for potential credit losses, and actual losses have historically been within the Company's expectations. International sales also present various risks, including risks of war, civil disturbances and governmental activities that may limit or disrupt markets, restrict the movement of funds, result in the deprivation of contract rights or the taking of property without fair consideration. Most of the Company's international sales, however, are to large international or national companies. In 2008, 2007 and 2006, there was no individual customer who accounted for more than 10% of consolidated revenues.

***Inventories***

The Company values inventories at lower of cost or market using either the first-in, first-out ("FIFO") or average cost methods. Cost represents third-party invoice or production cost. Production cost includes material, labor and manufacturing overhead.

***Property, Plant and Equipment***

Property, plant and equipment, both owned and under capital lease, is carried at cost less accumulated depreciation. The carrying value of fixed assets is based on estimates and judgments relative to capitalized costs, useful lives and salvage value where applicable. Maintenance and repairs are expensed as incurred. Expenditures for renewals, replacements and betterments are capitalized. Depreciation on fixed assets, including those under capital leases, is computed using the straight-line method over the estimated useful lives after allowing for salvage value, where applicable. Depreciation expense for the years ended December 31, 2008, 2007 and 2006 was \$669 million, \$553 million and \$433 million, respectively. The estimated useful lives of the major classes of property, plant and equipment are as follows:

	<u>Estimated Useful Lives</u>
Buildings and leasehold improvements	5-40 years or lease term
Rental and service equipment	2-20 years
Machinery and other	2-12 years

Rig assets are classified in Rental and Service Equipment on the Consolidated Balance Sheets. From time to time, the Company may review the estimated remaining useful lives of its drilling rigs and may extend the useful life when events and circumstances, such as upgrades or refurbishment activities, indicate the drilling rig can operate beyond its original useful life. All estimated useful lives are evaluated and established based upon appraisal concurrent with acquisition. No changes in the estimated useful lives have occurred since acquisition date.

**WEATHERFORD  
INTERNATIONAL, LTD. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

***Long-Lived Assets***

Long-lived assets, excluding goodwill and indefinite-lived intangibles, to be held and used by the Company are reviewed to determine whether any events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. Factors that might indicate a potential impairment may include, but are not limited to, significant decreases in the market value of the long-lived asset, a significant change in the long-lived asset's physical condition, a change in industry conditions or a reduction in cash flows associated with the use of the long-lived asset. If these or other factors indicate the carrying amount of the asset may not be recoverable, the Company determines whether an impairment has occurred through the use of an undiscounted cash flow analysis of the asset at the lowest level for which identifiable cash flows exist. If an impairment has occurred, the Company recognizes a loss for the difference between the carrying amount and the fair value of the asset. The fair value of the asset is measured using market prices or, in the absence of market prices, is based on an estimate of discounted cash flows. Cash flows are generally discounted at an interest rate commensurate with our weighted average cost of capital for a similar asset. Assets are classified as held for sale when the Company has a plan for disposal of certain assets and those assets meet the held for sale criteria of Statement of Financial Accounting Standards ("SFAS") No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* ("SFAS No. 144").

***Goodwill and Indefinite-Lived Intangible Assets***

The Company tests for the impairment of goodwill and other intangible assets with indefinite lives on at least an annual basis. The Company's goodwill impairment test involves a comparison of the fair value of each of the Company's reporting units with its carrying amount. The Company's indefinite-lived asset impairment test involves a comparison of the fair value of the intangible asset and its carrying value. Fair value is estimated using discounted cash flows using a discount rate adjusted for the credit risk of the regional reporting unit tested. If the fair value is less than the carrying value, the asset is considered impaired. The amount of the impairment, if any, is then determined based on an allocation of the reporting unit fair values to individual assets and liabilities.

***Intangible Assets***

The Company's intangible assets, excluding goodwill, are acquired technology licenses, patents, customer relationships and other identifiable intangible assets. Intangible assets are amortized on a straight-line basis over their estimated economic lives generally ranging from 2 to 20 years except for intangible assets with indefinite lives. As many areas of the Company's business rely on patents and proprietary technology, it has followed a policy of seeking patent protection both inside and outside the U.S. for products and methods that appear to have commercial significance. The Company capitalizes patent defense costs when it determines that a successful defense is probable.

***Pension and Postretirement Benefit Plans***

The Company has defined benefit pension and other postretirement benefit plans covering certain of its employees. Costs of the plan are charged to income and consist of several components, known collectively as net periodic pension cost, which are based on various actuarial assumptions regarding future experience of the plans. Amounts recorded for these defined benefit plans reflect estimates related to future interest rates, investment rates of return, employee turnover and wage increases. The Company reviews all assumptions and estimates on an ongoing basis. As of December 31, 2008 and 2007, the Company has recognized the overfunded or underfunded status of its plans as an asset or liability in the Consolidated Balance Sheets.

***Research and Development Expenditures***

Research and development expenditures are expensed as incurred.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

***Environmental Expenditures***

Environmental expenditures that relate to the remediation of an existing condition caused by past operation and that do not contribute to future revenues are expensed. Liabilities for these expenditures are recorded when it is probable that obligations have been incurred and costs can be reasonably estimated. Estimates are based on available facts and technology, enacted laws and regulations and the Company's prior experience in remediation of contaminated sites.

***Insurance***

The Company is self-insured up to certain retention limits for general liability, vehicle liability, group medical and for workers' compensation claims for certain of its employees. The amounts in excess of the self-insured levels are fully insured, up to a limit. Self-insurance accruals are based on claims filed and an estimate for significant claims incurred but not reported.

***Derivative Financial Instruments***

The Company accounts for all derivative instruments under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended ("SFAS No. 133"). This standard requires that every derivative instrument be recorded at fair value in the balance sheet as either an asset or a liability. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether the derivative is designated as part of a hedge relationship, and if so, the type of hedge transaction. Any gain or loss associated with the termination of a swap is deferred and amortized over the remaining debt term.

***Foreign Currency***

Results of operations for foreign subsidiaries with functional currencies other than the U.S. dollar are translated using average exchange rates during the period. Assets and liabilities of these foreign subsidiaries are translated using the exchange rates in effect at the balance sheet dates, and the resulting translation adjustments are included as Accumulated Other Comprehensive Income, a component of shareholders' equity.

For non-U.S. subsidiaries where the functional currency is the U.S. dollar, inventories, property, plant and equipment and other non-monetary assets, together with their related elements of expense, are translated at historical rates of exchange. All other assets and liabilities are translated at current exchange rates. All other revenues and expenses are translated at average exchange rates. Translation gains and losses for these subsidiaries are recognized in the Company's results of operations during the period incurred. The gain or loss related to individual foreign currency transactions are reflected in results of operations when incurred.

***Employee Share-Based Compensation***

The Company accounts for all share-based payment awards, including shares issued under employee stock purchase plans, stock options, restricted stock and stock appreciation rights under SFAS No. 123 (Revised 2004) *Share-Based Payment* ("SFAS No. 123R"). Under SFAS No. 123R, the fair value of employee stock-based awards granted is measured at the grant date and is recognized as an expense over the service period, which is usually the vesting period.

SFAS No. 123R requires the cash outflows resulting from the tax benefits from the tax deductions in excess of compensation cost recognized for share based payment awards to be classified as financing cash flows. Had the Company not adopted SFAS No. 123R, the excess tax benefits would have been classified as an operating cash inflow.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

***Accounting for Income Taxes***

Income taxes have been provided based upon the tax laws and rates in the countries in which operations are conducted and income is earned. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance for deferred tax assets is recorded when it is more likely than not that some or all of the benefit from the deferred tax asset will not be realized.

The Company adopted the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109* ("FIN No. 48") in 2007. FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attributes of income tax positions taken or expected to be taken on a tax return. Under FIN No. 48, the impact of an uncertain tax position taken or expected to be taken on an income tax return must be recognized in the financial statements at the largest amount that is more-likely-than-not to be sustained upon examination by the relevant taxing authority.

***Revenue Recognition***

Revenue is recognized when all of the following criteria have been met: a) evidence of an arrangement exists, b) delivery to and acceptance by the customer has occurred, c) the price to the customer is fixed and determinable and d) collectibility is reasonably assured.

Both contract drilling and pipeline service revenue is contractual by nature and both are day-rate based contracts. The Company recognizes revenue for these contracts based on the criteria outlined above which is consistent with our other product offerings.

From time to time, the Company may receive revenues for preparation and mobilization of equipment and personnel. In connection with new drilling contracts, revenues earned and incremental costs incurred directly related to preparation and mobilization are deferred and recognized over the primary contract term of the project using the straight-line method. Costs of relocating equipment without contracts to more promising market areas are expensed as incurred. Demobilization fees received are recognized, along with any related expenses, upon completion of contracts.

The Company incurs rebillable expenses including shipping and handling, third-party inspection and repairs, and custom and duties. The Company recognizes the revenue associated with these rebillable expenses as Products Revenues and all related costs as Cost of Products in the accompanying Consolidated Statements of Income.

*Percentage of Completion* — Revenue from long-term contracts, primarily for the Company's integrated project management services, is reported on the percentage-of-completion method of accounting. This method of accounting requires the Company to calculate contract profit to be recognized in each reporting period for each contract based upon its projections of future outcomes, which include:

- estimates of the total cost to complete the project;
- estimates of project schedule and completion date;
- estimates of the extent of progress toward completion; and
- amounts of any change orders or claims included in revenue.

Measurements of progress are generally output based related to physical progress. At the outset of each contract, the Company prepares a detailed analysis of its estimated cost to complete the project. Risks related to service delivery, usage, productivity, and other factors are considered in the estimation process. The Company's personnel periodically evaluate the estimated costs, claims, change orders, and percentage of completion at the contract level. The recording of profits and losses on long-term contracts requires an estimate of the

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

total profit or loss over the life of each contract. This estimate requires consideration of total contract value, change orders, and claims, less costs incurred and estimated costs to complete. Anticipated losses on contracts are recorded in full in the period in which they become evident. Profits are recorded based upon the total estimated contract profit times the current percentage complete for the contract.

***Earnings per Share***

The basic earning per share for all periods presented equals net income divided by the weighted average number of the Company's common shares, \$1.00 par value ("Common Share") outstanding during the period. Diluted earning per share is computed by dividing net income, as adjusted for the assumed conversion of dilutive debentures, by the weighted average number of Common Shares outstanding during the period as adjusted for the dilutive effect of the Company's stock option and restricted share plans and warrant. The diluted earnings per share calculation excludes 6 million potential shares for the year ended December 31, 2008, due to their antidilutive effect. Antidilutive potential shares were not significant for the years ended December 31, 2007 and 2006.

The Company's Board of Directors approved a two-for-one share split of its Common Shares effected through a share dividend. Shareholders of record on May 9, 2008 were entitled to the dividend, which was distributed on May 23, 2008. All share and option amounts included in the accompanying consolidated financial statements and related notes reflect the effect of the share split.

The following reconciles basic and diluted weighted average number of shares outstanding:

	Year Ended December 31,		
	2008	2007	2006
		(In thousands)	
Basic weighted average shares outstanding	682,704	677,032	692,246
Dilutive effect of:			
Warrant	5,720	5,570	4,410
Stock option and restricted share plans	9,754	12,914	13,008
Diluted weighted average shares outstanding	<u>698,178</u>	<u>695,516</u>	<u>709,664</u>

***New Accounting Pronouncements***

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* ("SFAS No. 141R"). SFAS No. 141R establishes principles and requirements for how a company recognizes assets acquired, liabilities assumed, contractual contingencies and contingent consideration measured at fair value at the acquisition date. The Statement also establishes disclosure requirements which will enable users to evaluate the nature and financial effect of the business combination. SFAS No. 141R is effective for business combinations completed in fiscal years beginning after December 15, 2008.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51* ("SFAS No. 160"). SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent's ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. The Statement also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interest of the parent and the interest of the noncontrolling owners. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008.

In March 2008, the FASB issued Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities* ("SFAS No. 161"). SFAS No. 161 requires enhanced disclosures about an entity's derivative and hedging activity. Entities are required to provide enhanced disclosures about how and why they use derivative instruments,

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

how derivative instruments and related hedged items are accounted for under SFAS No. 133 and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008.

**2. Business Combinations**

The Company has acquired businesses critical to its long-term growth strategy. Results of operations for acquisitions are included in the accompanying Consolidated Statements of Income from the date of acquisition. The balances included in the Consolidated Balance Sheets related to acquisitions consummated in the preceding twelve months are based on preliminary information and are subject to change when final asset valuations are obtained and the potential for liabilities has been evaluated. Acquisitions are accounted for using the purchase method of accounting and the purchase price is allocated to the net assets acquired based upon their estimated fair values at the date of acquisition. The excess of the purchase price over the net assets was recorded as goodwill. Final valuations of assets and liabilities are obtained and recorded within one year from the date of the acquisition.

In November 2008, the Company acquired a group of affiliated companies in Latin America, which provide project management services, drilling fluids, contract drilling and environmental services in Latin America. Consideration for the transaction totaled approximately \$160 million, which was comprised of approximately six million shares valued at approximately \$65 million, non-cash consideration of approximately \$75 million and cash of approximately \$20 million. An additional \$65 million in cash consideration for this acquisition is contingent on the occurrence of future events and circumstances and will be recorded by the Company when and if these events occur. The total purchase price was allocated based upon preliminary, estimated fair values which are subject to change once final valuations of the assets and liabilities are completed.

In August 2008, the Company acquired International Logging, Inc. ("ILI"), a provider of surface logging and formation and evaluation and drilling related services for approximately \$400 million. The total purchase price was allocated to ILI's net tangible and identifiable intangible assets based on their preliminary, estimated fair values. The Company allocated approximately \$140 million of the purchase price to intangible assets (See Note 8). The excess of the purchase price over the net assets was recorded as goodwill.

In association with a prior acquisition, the Company identified pre-acquisition contingencies related to duties and taxes associated with the importation of certain equipment assets to foreign jurisdictions. At December 31, 2008, the Company has a liability of approximately \$9 million for this matter. If the Company used the high end of the range, the aggregate potential liability would be approximately \$10 million higher.

The Company also acquired various other businesses during the years ended December 31, 2008, 2007 and 2006 for cash consideration of approximately \$380 million, \$253 million and \$187 million, respectively. In addition, other 2008 acquisitions included the issuance of approximately two million shares valued at approximately \$65 million.

**3. Equity Investment Acquisition**

The Company acquired a 33% ownership interest in Premier Business Solutions ("PBS") in June 2007 for approximately \$330 million. PBS conducts business in Russia and is the world's largest electric submersible pump manufacturer by volume. In January 2008, the Company sold its electrical submersible pumps ("ESP") product line to PBS and received a combination of cash and an additional equity investment in PBS in consideration of the sale. This transaction increased the Company's ownership percentage to approximately 40%. The Company's investment in PBS is included in Equity Investments in the accompanying Condensed Consolidated Balance Sheets at December 31, 2008 and 2007. The assets and liabilities of the ESP product line were classified as held for sale at December 31, 2007 and included in Other Current Assets and Other Current Liabilities in the Condensed Consolidated Balance Sheet.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**4. Discontinued Operation**

In June 2007, the Company's management approved a plan to sell its oil and gas development and production business. The Company finalized the divestiture of the business in June 2008. The results of operations, financial position and cash flows of the business have been reflected in the condensed consolidated financial statements and notes as a discontinued operation for all periods presented.

Operating results of the oil and gas development and production business were as follows:

	Year Ended December 31,		
	2008	2007	2006
	(In thousands)		
Revenues	\$ 556	\$ 2,299	\$ —
Loss Before Income Taxes	\$ 25,811	\$ 30,303	\$ 14,686
Benefit for Income Taxes	12,883	8,934	4,949
Loss from Discontinued Operation, Net of Taxes	\$ 12,928	\$ 21,369	\$ 9,737

The 2008 loss includes charges of approximately \$21 million associated with a settlement of a legal dispute regarding the business. These charges were partially offset by an \$11 million gain, net of taxes, recognized upon the finalization of the divestiture. The 2007 loss includes approximately \$17 million, net of tax, for asset impairment charges related to write-downs of the operation's U.S. properties. In addition, the Company completed the sale of the operation's international properties in November 2007 and recorded a gain of approximately \$5 million, net of tax, in connection with the sale.

**5. Cash Flow Information**

*Gain on Sales of Assets and Businesses, Net*

Gain on sales of assets and businesses, net for the year ended December 31, 2008 of \$110 million includes a \$19 million write-off of fixed assets resulting from the Company's exit from sanctioned countries, an \$81 million gain recognized in connection with the sale of a 50% interest in a subsidiary the Company controls to Qatar Petroleum and \$48 million in gains related to the Company's divestiture of other assets and businesses.

*Non-cash Activities*

The Company issued approximately eight million shares valued at approximately \$130 million in connection with acquisitions during the year ended December 31, 2008. There were no shares issued in connection with acquisitions during 2007 or 2006.

During the year ended December 31, 2008, there were non-cash investing activities of approximately \$75 million related to the Company's consideration for an acquisition. During the years ended December 31, 2007 and 2006, there were non-cash investing activities of \$20 million and \$64 million, respectively, related to the notes receivable received in exchange for the Company's business and asset sales.

*Supplemental Cash Flow Information*

Cash paid for interest and income taxes, net of refunds, was as follows:

	Year Ended December 31,		
	2008	2007	2006
	(In thousands)		
Interest paid, net of capitalized interest	\$ 233,468	\$ 184,093	\$ 93,288
Income taxes paid, net of refunds	271,418	372,025	147,973

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**6. Inventories**

Inventories by category were as follows:

	December 31,	
	2008	2007
	(In thousands)	
Raw materials, components and supplies	\$ 430,352	\$ 373,383
Work in process	152,864	118,407
Finished goods	1,505,126	1,115,894
	\$ 2,088,342	\$ 1,607,684

Work in process and finished goods inventories include the cost of materials, labor and plant overhead.

**7. Goodwill**

Goodwill is evaluated for impairment on at least an annual basis. The Company performs its annual goodwill impairment test as of October 1. In addition, the Company updated its goodwill impairment test in December 2008 as a result of the decline in its Common Share price during the fourth quarter of 2008. The Company's 2008 impairment tests indicated goodwill was not impaired. The Company will continue to test its goodwill annually as of October 1 unless events occur or circumstances change between annual tests that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

The Company's operating segments consist of the following reporting units:

- North America — (i) United States and (ii) Canada
- Latin America
- Europe/West Africa/CIS — (i) Europe, (ii) West Africa and (iii) Russia/CIS
- Middle East/North Africa/Asia — (i) Middle East/North Africa and (ii) Asia Pacific

The changes in the carrying amount of goodwill for the two years ended December 31, 2008 were as follows:

	North America	Middle East/ North Africa/ Asia	Europe/ West Africa/ CIS	Latin America	Total
	(In thousands)				
As of December 31, 2006	\$ 1,759,086	\$ 595,310	\$ 499,686	\$ 146,507	\$ 3,000,589
Acquisitions	33,497	3,131	161,840	1,087	199,555
Disposals	(19,626)	—	(5,523)	—	(25,149)
Purchase price and other adjustments	(153)	374	1,060	4,494	5,775
Foreign currency translation	145,607	6,006	21,370	4,737	177,720
As of December 31, 2007	1,918,411	604,821	678,433	156,825	3,358,490
Acquisitions	86,037	99,456	169,941	155,098	510,532
Disposals	(4,380)	—	(1,435)	(27)	(5,842)
Purchase price and other adjustments	5,299	(15,847)	5,950	7,766	3,168
Foreign currency translation	(191,657)	(12,872)	(117,959)	(12,945)	(335,433)
As of December 31, 2008	\$ 1,813,710	\$ 675,558	\$ 734,930	\$ 306,717	\$ 3,530,915

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**8. Other Intangible Assets, Net**

The components of intangible assets were as follows:

	December 31, 2008			December 31, 2007		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
	(In thousands)					
Acquired technology	\$ 377,393	\$ (67,281)	\$ 310,112	\$ 344,765	\$ (52,769)	\$ 291,996
Licenses	243,741	(87,624)	156,117	238,153	(75,414)	162,739
Patents	172,754	(58,410)	114,344	134,217	(50,644)	83,573
Customer relationships and contracts	98,428	(19,614)	78,814	51,837	(13,044)	38,793
Other	78,024	(35,928)	42,096	55,334	(35,436)	19,898
	\$ 970,340	\$ (268,857)	\$ 701,483	\$ 824,306	\$ (227,307)	\$ 596,999

Intangibles obtained through acquisitions are initially recorded at estimated fair value based on preliminary information. Final evaluations are obtained within one year from the date of acquisition. During 2008, the Company allocated value to the intangible assets acquired in the acquisition of ILI based on a valuation performed by a third party. The Company allocated approximately \$100 million to acquired technology and approximately \$40 million to customer relationships. The acquired technology and customer relationships are being amortized over estimated useful lives of 3-15 years.

The Company has trademarks that are considered to have indefinite lives as the Company has the ability and intent to renew indefinitely. These trademarks had a carrying value of \$16 million and \$11 million as of December 31, 2008 and December 31, 2007, respectively, and are included in the Other caption in the table above.

Amortization expense was \$63 million, \$54 million and \$50 million for the years ended December 31, 2008, 2007 and 2006, respectively. Future estimated amortization expense for the carrying amount of intangible assets as of December 31, 2008 is expected to be as follows (in thousands):

2009	\$	71,993
2010		70,626
2011		68,808
2012		67,265
2013		65,966

**9. Short-term Borrowings and Current Portion of Long-term Debt**

	December 31,	
	2008	2007
	(In thousands)	
Revolving credit facility	\$ 1,068,000	\$ 491,000
Commercial paper program	127,884	191,621
Other short-term bank loans	44,205	80,025
Total short-term borrowings	1,240,089	762,646
Current portion of long-term debt	15,858	11,574
Short-term borrowings and current portion of long-term debt	\$ 1,255,947	\$ 774,220
Weighted average interest rate on short-term borrowings outstanding at end of year	1.07%	5.39%

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The Company maintains a \$1.5 billion revolving credit agreement with a syndicate of banks. In March 2008, the Company entered into an additional \$250 million revolving credit facility. These lending facilities allow for a combination of borrowings, support of the Company's commercial paper program and issuances of letters of credit and both mature in May 2011. In October 2008, the Company entered into an additional \$550 million in revolving credit facilities. These facilities allow for a combination of borrowings and issuances of letters of credit and mature in October 2009. The weighted average interest rate on outstanding borrowings of these facilities at December 31, 2008 was 0.9%. There were \$53 million in outstanding letters of credit under these facilities at December 31, 2008.

These borrowing facilities require the Company to maintain a debt-to-capitalization ratio of less than 60% and contain other covenants and representations customary for an investment-grade commercial credit. The Company was in compliance with these covenants at December 31, 2008.

The Company has a \$1.5 billion commercial paper program under which it may from time to time issue short-term unsecured notes. The commercial paper program is supported by the Company's revolving credit facilities. The weighted average interest rate related to outstanding commercial paper issuances at December 31, 2008 was 1.3%.

The Company has short-term borrowings with various domestic and international institutions pursuant to uncommitted facilities. At December 31, 2008, the Company had \$44 million in short-term borrowings under these arrangements with a weighted average interest rate of 4.2%. In addition, the Company had \$220 million of letters of credit and bid and performance bonds under these uncommitted facilities.

The Company's short-term borrowings approximate their fair value as of December 31, 2008 and 2007.

**10. Long-term Debt**

	December 31,	
	2008	2007
	(In thousands)	
6.625% Senior Notes due 2011	\$ 354,286	\$ 355,619
5.95% Senior Notes due 2012	599,153	598,940
5.15% Senior Notes due 2013	510,833	—
4.95% Senior Notes due 2013	253,959	254,681
5.50% Senior Notes due 2016	348,859	348,732
6.35% Senior Notes due 2017	599,576	599,539
6.00% Senior Notes due 2018	497,512	—
6.50% Senior Notes due 2036	595,824	595,772
6.80% Senior Notes due 2037	298,171	298,150
7.00% Senior Notes due 2038	498,318	—
Foreign bank and other debt denominated in foreign currencies	16,046	18,098
Capital lease obligations	6,012	8,378
Other	1,564	—
	4,580,113	3,077,909
Less amounts due in one year	15,858	11,574
Long-term debt	\$ 4,564,255	\$ 3,066,335

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The following is a summary of scheduled long-term debt maturities by year (in thousands):

2009	\$	15,858
2010		10,806
2011		358,256
2012		605,009
2013		750,533
Thereafter		2,839,651
	<u>\$</u>	<u>4,580,113</u>

In March 2008, the Company completed a \$1.5 billion long-term debt offering comprised of (i) \$500 million of 5.15% Senior Notes due in 2013 ("5.15% Senior Notes"), (ii) \$500 million of 6.00% Senior Notes due 2018 ("6.00% Senior Notes") and (iii) \$500 million of 7.00% Senior Notes due 2038 ("7.00% Senior Notes"). Interest on these notes is due semi-annually on March 15 and September 15 of each year. The estimated fair value at December 31, 2008 of the 5.15% Senior Notes, the 6.00% Senior Notes, and the 7.00% Senior Notes was \$463 million, \$456 million and \$394 million, respectively.

In June 2007, the Company completed a \$1.5 billion long-term debt offering comprised of (i) \$600 million of 5.95% senior notes due 2012 ("5.95% Senior Notes"), (ii) \$600 million of 6.35% senior notes due 2017 ("6.35% Senior Notes") and (iii) \$300 million of 6.80% senior notes due 2037 ("6.80% Senior Notes"). Interest on these notes are due payable semi-annually on June 15 and December 15 of each year. The estimated fair value at December 31, 2008 of the 5.95% Senior Notes, the 6.35% Senior Notes and the 6.80% Senior Notes was \$585 million, \$513 million and \$227 million, respectively.

In August 2006, the Company completed an offering of \$600 million senior notes at a coupon rate of 6.50% ("6.50% Senior Notes") with a maturity in August 2036. The interest on the notes is payable semi-annually in arrears on February 1 and August 1 of each year. The estimated fair value of the 6.50% Senior Notes was \$495 million as of December 31, 2008.

In February 2006, the Company completed an offering of \$350 million senior notes at a coupon rate of 5.50% ("5.50% Senior Notes") with a maturity in February 2016. The interest on the notes is payable semi-annually in arrears on February 15 and August 15 of each year. As evidenced by market transactions, the estimated fair value of the 5.50% Senior Notes was \$306 million as of December 31, 2008.

In October 2003, the Company completed a public offering of \$250 million of 4.95% Senior Notes due 2013 ("4.95% Senior Notes"). The interest on the notes is payable semi-annually in arrears on April 15 and October 15 of each year. The estimated fair value of the 4.95% Senior Notes was \$213 million as of December 31, 2008.

In November 2001, the Company completed a private placement of \$350 million of 6.625% Senior Notes due 2011 ("6.625% Senior Notes"). The interest on the notes is payable semi-annually in arrears on May 15 and November 15 of each year. The estimated fair value of the 6.625% Senior Notes was \$330 million as of December 31, 2008.

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The following is a recap of the annualized effective rates on the Company's long-term debt. The effective rate is determined after giving consideration to all derivative activity and amortization of original issue discount (See Note 11).

	Year Ended December 31,	
	2008	2007
6.625% Senior Notes due 2011	6.2%	6.3%
5.95% Senior Notes due 2012	6.0%	6.0%
4.95% Senior Notes due 2013	4.8%	4.8%
5.15% Senior Notes due 2013	5.1%	—
5.50% Senior Notes due 2016	5.5%	5.5%
6.35% Senior Notes due 2017	6.4%	6.4%
6.00% Senior Notes due 2018	6.0%	—
6.50% Senior Notes due 2036	6.5%	6.5%
6.80% Senior Notes due 2037	6.8%	6.8%
7.00% Senior Notes due 2038	7.1%	—

## 11. Derivative Instruments

### *Interest Rate Swaps*

The Company uses interest rate swaps to help mitigate exposures related to short-term interest rates. Amounts received upon termination of the swaps represent the fair value of the agreements at the time of termination and are recorded as an adjustment to the carrying value of the related debt. These amounts are being amortized as a reduction to interest expense over the remaining term of the debt.

Upon completion of the long-term debt offering in March 2008, the Company entered into interest rate swap agreements on an aggregate notional amount of \$500 million against its 5.15% Senior Notes. These agreements were terminated in December 2008. As a result of these terminations, the Company received cash proceeds, net of accrued interest, of \$12 million. The gain associated with these interest rate swap terminations has been deferred and will be amortized over the remaining term of the 5.15% Senior Notes. As of December 31, 2008 and 2007, the Company had net unamortized gains of \$21 million and \$12 million, respectively, associated with interest rate swap terminations.

### *Cash Flow Hedges*

In March 2008, the Company entered into interest rate derivative instruments for a notional amount of \$500 million to hedge projected exposures to interest rates in anticipation of the 7.00% Senior Notes issued in March 2008. Those hedges were terminated at the time of the issuance. The Company paid a cash settlement of \$13 million at termination, and the loss on these hedges is being amortized to interest expense over the life of the 7.00% Senior Notes.

### *Other Derivative Instruments*

As of December 31, 2008 and 2007, we had several foreign currency forward contracts with notional amounts aggregating \$503 million and \$682 million, respectively, which were entered into to hedge exposure to currency fluctuations in various foreign currencies, including, but not limited to, the British pound sterling, the Canadian dollar, the euro and the Norwegian krone. The total estimated fair value of these contracts at December 31, 2008 resulted in a liability of approximately \$2 million and at December 31, 2007, resulted in an asset of approximately

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\$2 million. These derivative instruments were not designated as hedges and the changes in fair value of the contracts are recorded each period in current earnings.

In addition, after the closing of the acquisition of Precision Energy Services and Precision Drilling International, the Company entered into a series of cross-currency swaps between the U.S. dollar and Canadian dollar to hedge certain exposures to the Canadian dollar created as a result of the acquisition. At December 31, 2008 and 2007, the Company had notional amounts outstanding of \$280 million and \$364 million, respectively. The total estimated fair value of these contracts at December 31, 2008 and 2007 resulted in an asset of \$1 million and a liability of \$74 million, respectively. These derivative instruments were not designated as hedges and the changes in fair value of the contracts are recorded each period in current earnings.

Effective January 1, 2008, the Company adopted SFAS No. 159. SFAS No. 159 *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS No. 159") permits entities to choose to measure many financial instruments and certain other assets and liabilities at fair value on an instrument-by-instrument basis (the fair value option) with changes in fair value reported in earnings. The Company already recorded derivative contracts and hedging activities at fair value in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. The adoption of SFAS No. 159 had no impact on the financial statements as the Company did not elect the fair value option for any other financial instruments or certain other assets and liabilities.

Effective January 1, 2008, the Company adopted SFAS No. 157, as it relates to financial assets and financial liabilities. In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, *Effective Date of FASB Statement No. 157*, which delayed the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on at least an annual basis, until January 1, 2009 for calendar year-end entities. Accordingly, the Company will defer the adoption of SFAS No. 157 for its nonfinancial assets and nonfinancial liabilities until January 1, 2009.

SFAS No. 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principals and expands disclosures about fair value measurements. The provisions of this standard apply to other accounting pronouncements that require or permit fair value measurements. The adoption of SFAS No. 157, as it relates to financial assets, had no impact on the Company's consolidated financial position, results of operations and cash flows. The Company is currently evaluating the potential impact of SFAS No. 157, as it relates to nonfinancial assets and nonfinancial liabilities, on its consolidated financial position, results of operations and cash flows.

SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 establishes a fair value hierarchy that distinguishes between market participant assumptions developed based on market data obtained from independent sources (observable inputs) and an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under SFAS No. 157 are described below:

Level 1— Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2— Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3— Inputs that are both significant to the fair value measurement and unobservable.

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In accordance with SFAS No. 157, the following table presents the Company's assets and liabilities that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of December 31, 2008:

	December 31, 2008			Total
	Level 1	Level 2	Level 3	
	(In thousands)			
Assets:				
Derivative contracts	\$ —	\$ 1,455	\$ —	\$ 1,455
Liabilities:				
Derivative contracts	—	2,233	—	2,233

## 12. Shareholders' Equity

### *Authorized Shares*

The Company is authorized to issue 1,000,000,000 Common Shares and 10,000,000 undesignated preferred shares, \$1.00 par value. As of December 31, 2008, no preferred shares have been issued.

### *Share Repurchase Program*

In December 2005, the Company's Board of Directors approved a share repurchase program under which the Company can spend up to \$1 billion to repurchase Company's outstanding Common Shares. Pursuant to this program, the Company purchased approximately 10 million and 25 million Common Shares during the years ended December 31, 2007 and 2006, at an average price per share of \$24.08 and \$21.90, respectively. No shares were repurchased during the year ended December 31, 2008. As of December 31, 2008, the Company had \$205 million available under this authorization to repurchase shares.

### *Warrant*

On February 28, 2002, the Company issued Shell Technology Ventures Inc. a warrant to purchase up to 12.9 million Common Shares at a price of \$15.00 per share. Effective July 12, 2006, this agreement was amended and restated to reflect, among other things, changes in the Company's capital structure. The warrant remains exercisable until February 28, 2012 and is subject to adjustment for changes in the Company's capital structure or the issuance of dividends in cash, securities or property. Upon exercise by the holder, settlement may occur through physical delivery, net share settlement, net cash settlement or a combination thereof. The net cash settlement option upon exercise is at the sole discretion of the Company. In addition, the amended and restated warrant no longer contains a conversion feature, which previously allowed the warrant holder to convert the warrant into Common Shares. The amendment did not affect the accounting or classification of the warrant.

## 13. Share-Based Compensation Plans

### *Incentive Plan*

In May 2006, shareholders voted to approve the Weatherford International Ltd. 2006 Omnibus Incentive Plan ("Omnibus Plan") previously adopted by the Board of Directors in February 2006. The Omnibus Plan provides for awards of options, stock appreciation rights, restricted share awards ("RSA"), restricted share units ("RSU"), performance share awards, performance unit awards, other share-based awards and cash-based awards to any employee or non-employee director of the Company or any of its affiliates. All future issuances of share-based awards will be made from the Omnibus Plan. The provisions of each award will vary based on the type of award granted and will be specified by the Compensation Committee of the Board of Directors. Those awards, such as options and SARs, that are based on a specific contractual term will be granted with a term not to exceed ten years. The terms of the issuances to date under the Omnibus Plan are consistent with awards previously granted. Under the

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Omnibus Plan, there are 20 million Common Shares available for grant. As of December 31, 2008, approximately eight million shares were available for grant under the plan. To date, only options, restricted shares and restricted share units have been granted under the Omnibus Plan.

The options granted under the Omnibus Plan are granted with an exercise price equal to or greater than the fair market value of the Common Shares at the time the option is granted. The Company values and recognizes the options and restricted shares and restricted share units similar to the awards previously granted under the Company's other share-based payment plans.

***Stock Option Plans***

The Company has a number of stock option plans pursuant to which directors, officers and key employees have been granted options to purchase Common Shares at the fair market value on the date of grant.

The Company has in effect a 1991 Employee Stock Option Plan ("1991 ESO Plan"), a 1992 Employee Stock Option Plan ("1992 ESO Plan") and a 1998 Employee Stock Option Plan ("1998 ESO Plan"). Stock options generally vest after one to four years following the date of grant and expire after ten to fourteen years from the date of grant. Subsequent to the approval of the Company's Omnibus Plan in May 2006, future grants under these plans have been suspended.

***Restricted Share Plan***

The Restricted Share Plan provides for the granting of RSAs or RSUs, the vesting of which is subject to conditions and limitations established at the time of the grant. Upon the grant of an RSA, the participant has the rights of a shareholder, including but not limited to the right to vote such shares and the right to receive any dividends paid on such shares. Recipients of RSU awards will not have the rights of a shareholder of the Company until such date as the Common Shares are issued or transferred to the recipient. Key employees, directors and persons providing material services to the Company may be eligible for participation in the Restricted Share Plan. Subsequent to the approval of the Company's Omnibus Plan in May 2006, future RSA and RSU grants under this plan have been suspended.

RSAs and RSUs vest based on continued employment, and vesting generally occurs over a two to five-year period, with an equal amount of the restricted shares vesting on each anniversary of the grant date or with 50% of the shares vesting after two years and the remaining portion vesting in the fourth year.

The fair value of RSAs and RSUs is determined based on the closing price of the Company's shares on the grant date. The total fair value, less assumed forfeitures, is amortized to expense on a straight-line basis over the vesting period.

***Executive Deferred Compensation Plan***

Under the Company's Executive Deferred Compensation Stock Ownership Plan (the "EDC Plan"), a portion of the compensation for certain key employees of the Company, including officers and employee directors, can be deferred for payment after retirement or termination of employment. The Company has established a grantor trust to fund the benefits under the EDC Plan. The funds provided to such trust are invested by a trustee independent of the Company in Common Shares, which are purchased by the trustee on the open market. The assets of the trust are available to satisfy the claims of all general creditors of the Company in the event of bankruptcy or insolvency. Accordingly, the Common Shares held by the trust and the liability of the Company under the EDC Plan are included in the accompanying Consolidated Balance Sheets as Treasury Shares, Net. Effective December 31, 2008, the Company suspended the EDC Plan. While the plan is suspended, no new participants may join the plan and no further deferrals of compensation or matching contributions will be made under the plan unless and until the Company's Board of Directors determines otherwise.

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***Share-Based Compensation Expense and Activity***

The Company recognized the following employee share-based compensation expense during the years ended December 31, 2008, 2007 and 2006:

	Year Ended December 31,		
	2008	2007	2006
	(In thousands)		
Share-based compensation	\$ 101,416	\$ 64,901	\$ 62,739
Related tax benefit	35,496	22,715	21,959

The Company uses the Black-Scholes option pricing model to determine the fair value of options award on the date of grant. The estimated fair value of the options is amortized to expense on a straight-line basis over their vesting period. The specific assumptions used in determining the fair values for option grants during the years ended 2007 and 2006 are discussed in more detail below and are noted in the following table. There were no stock options granted in 2008.

The expected volatility of options granted in 2007 was determined using a blended rate based upon implied volatility calculated on actively traded options on the Company's common shares and upon the historical volatility of its common shares. The expected volatility of options granted in 2006 and 2005 was based upon the historical volatility of the Company's common stock. The risk-free interest rate is determined based upon the interest rate on a U.S. Treasury Bill with a term equal to the expected life of the option at the time the option was granted. In estimating the expected lives of the stock options, the Company has relied primarily on actual experience with previous stock option grants. The expected life is less than the term of the option as option holders, in our experience, exercise or forfeit the options during the term of the option.

	Year Ended December 31,	
	2007	2006
Expected volatility	31.0%	36.2%
Expected dividends	—	—
Expected term (in years)	5.0	5.0
Risk-free rate	4.5%	4.7%

A summary of option activity under the stock option plans as of December 31, 2008, and changes during the year then ended is presented below:

Options	Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (In thousands)
Outstanding at January 1, 2008	15,555,208	\$ 8.08		
Granted	—	—		
Exercised	(1,487,939)	6.71		
Forfeited	(72,000)	25.34		
Outstanding at December 31, 2008	13,995,269	8.14	5.91	\$ 49,559
Vested or Expected to Vest at December 31, 2008	13,995,269	8.14	5.91	49,559
Exercisable at December 31, 2008	13,118,969	7.32	5.81	49,559

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The weighted-average grant date fair value of options granted during the years ended December 31, 2007 and 2006 was \$7.16 and \$8.78, respectively. There were no options granted during 2008. The intrinsic value of options exercised during 2008, 2007 and 2006 was \$46 million, \$110 million and \$146 million, respectively. As of December 31, 2008, there was \$4 million of total unrecognized compensation cost related to the Company's unvested stock options and that cost is expected to be recognized over a weighted-average period of 2 years.

A summary of the status of the Company's non-vested RSAs and RSUs issued under its Restricted Share Plan and Omnibus Plan as of December 31, 2008 and changes during the year then ended, is presented below:

	RSA	Weighted-Average Grant Date Fair Value	RSU	Weighted-Average Grant Date Fair Value
Non-Vested at January 1, 2008	4,994,854	\$ 19.52	3,696,900	\$ 21.25
Granted	3,619,970	32.95	3,493,204	32.13
Vested	(788,327)	14.94	(453,282)	17.61
Forfeited	(447,649)	24.86	(623,948)	22.86
Non-Vested at December 31, 2008	<u>7,378,848</u>	<u>26.16</u>	<u>6,112,874</u>	<u>27.40</u>

The weighted-average grant date fair value of RSAs and RSUs granted during the years ended 2008, 2007 and 2006 was \$32.55, \$25.42 and \$21.82, respectively. The total fair value of RSAs and RSUs vested during the years ended 2008, 2007 and 2006 was \$40 million, \$156 million and \$47 million, respectively. As of December 31, 2008, there was \$247 million of total unrecognized compensation cost related to non-vested RSAs and RSUs, which is expected to be recognized over a weighted-average period of 2 years.

**14. Retirement and Employee Benefit Plans**

The Company has defined contribution plans covering certain employees. Contribution expenses related to these plans totaled \$32 million, \$29 million and \$22 million in 2008, 2007 and 2006, respectively.

The Company has defined benefit pension and other post-retirement benefit plans covering certain U.S. and international employees. Plan benefits are generally based on factors such as age, compensation levels and years of service. The Company has a SERP which provides pension benefits to certain executives upon retirement. This plan is a nonqualified, unfunded retirement plan and in order to meet its future benefit obligations under the SERP, the Company maintains life insurance policies on the lives of the participants. These policies are not included as plan assets nor in the funded status amounts in the table below. The Company is the sole owner and beneficiary of such policies.

Effective December 31, 2006, the Company adopted Statement No. 158, *Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)* ("SFAS No. 158"), which requires recognition of the overfunded or underfunded status of an entity's defined benefit or postretirement plan as an asset or liability in the financial statements, requires the measurement of defined benefit or postretirement plan assets and obligations as of the end of the employer's fiscal year, and requires recognition of the previously deferred portion of defined benefit or postretirement plans in other comprehensive income.

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The changes in benefit obligations were as follows:

	Year Ended December 31,			
	2008		2007	
	United States	International	United States	International
	(In thousands)			
Benefit obligation at beginning of year	\$ 115,585	\$ 189,193	\$ 94,307	\$ 153,940
Service cost	2,879	13,557	2,642	11,308
Interest cost	6,017	9,905	5,391	8,189
Plan participants' contributions	—	3,547	—	3,436
Business combinations	—	—	—	2,483
Amendments	—	(553)	2,901	152
Curtailments	—	—	(2,010)	—
Settlements	(12,001)	(2,116)	(8,606)	(42)
Actuarial (gain)/loss	10,691	(22,099)	21,887	7,606
Currency fluctuations	—	(43,060)	—	7,325
Benefits paid	(1,249)	(4,966)	(927)	(5,204)
Benefit obligation at end of year	<u>\$ 121,922</u>	<u>\$ 143,408</u>	<u>\$ 115,585</u>	<u>\$ 189,193</u>

The changes in plan assets were as follows:

	Year Ended December 31,			
	2008		2007	
	United States	International	United States	International
	(In thousands)			
Fair value of plan assets at beginning of year	\$ 10,518	\$ 142,919	\$ 12,023	\$ 120,447
Actual return on plan assets	(2,816)	(23,760)	821	7,079
Employer contribution	535	14,408	1,079	11,371
Plan participants' contributions	—	3,547	—	3,436
Business combinations	—	—	—	1,338
Settlements	—	(1,984)	(2,478)	(42)
Currency fluctuations	—	(34,123)	—	4,054
Benefits paid	(1,141)	(4,414)	(927)	(4,764)
Fair value of plan assets at end of year	<u>7,096</u>	<u>96,593</u>	<u>10,518</u>	<u>142,919</u>
Funded status	<u>\$ (114,826)</u>	<u>\$ (46,815)</u>	<u>\$ (105,067)</u>	<u>\$ (46,274)</u>

The amounts recognized in the Consolidated Balance Sheets were as follows:

	Year Ended December 31,			
	2008		2007	
	United States	International	United States	International
	(In thousands)			
Noncurrent assets	\$ —	\$ —	\$ —	\$ 136
Current liabilities	(8,671)	(494)	(12,075)	—
Noncurrent liabilities	(106,155)	(46,321)	(92,992)	(46,410)

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Amounts in accumulated other comprehensive income that have not yet been recognized as components of net periodic benefit cost were as follows:

	Year Ended December 31,			
	2008		2007	
	United States	International	United States	International
	(In thousands)			
Net loss	\$ 57,888	\$ 20,796	\$ 53,177	\$ 16,297
Net prior service costs (credit)	15,358	(755)	17,191	(1,271)
Net transition asset	—	(20)	—	(25)
Total accumulated other comprehensive income	<u>\$ 73,246</u>	<u>\$ 20,021</u>	<u>\$ 70,368</u>	<u>\$ 15,001</u>

The accumulated benefit obligation for defined benefit pension plans was \$79 million and \$84 million at December 31, 2008 and 2007, respectively, for the U.S. plans and \$129 million and \$173 million at December 31, 2008 and 2007, respectively, for the international plans.

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with projected benefit obligations in excess of plan assets or accumulated benefit obligations in excess of plan assets as of December 31, 2008 and 2007 were as follows:

	2008		2007	
	United States	International	United States	International
	(In thousands)			
Plans with projected benefit obligation in excess of plan assets:				
Projected benefit obligation	\$ 121,922	\$ 143,156	\$ 115,585	\$ 185,963
Fair value of plan assets	7,096	96,162	10,518	139,281
Plans with accumulated benefit obligation in excess of plan assets:				
Accumulated benefit obligation	78,727	128,474	84,034	151,352
Fair value of plan assets	7,096	96,162	10,518	117,816

The components of net periodic benefit cost during the years ended December 31, 2008, 2007 and 2006 were as follows:

	2008		2007		2006	
	United States	International	United States	International	United States	International
	(In thousands)					
Service cost	\$ 2,879	\$ 13,557	\$ 2,642	\$ 11,308	\$ 2,301	\$ 9,694
Interest cost	6,017	9,905	5,391	8,189	4,154	6,575
Expected return on plan assets	(687)	(8,700)	(744)	(8,003)	(765)	(6,126)
Amortization of transition asset	—	(4)	—	(4)	—	(4)
Amortization of prior service cost (credit)	1,833	(47)	2,108	(87)	2,234	(104)
Settlements/curtailments	5,621	(126)	1,548	4	6,848	—
Amortization of net loss	3,862	319	4,224	208	1,807	549
Net periodic benefit cost	<u>\$ 19,525</u>	<u>\$ 14,904</u>	<u>\$ 15,169</u>	<u>\$ 11,615</u>	<u>\$ 16,579</u>	<u>\$ 10,584</u>

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Other changes in plan assets and benefit obligations recognized in other comprehensive income during the years ended December 31, 2008 and 2007 were as follows:

	2008		2007	
	United States	International	United States	International
	(In thousands)			
New Activity:				
Net loss for the year	\$ 14,194	\$ 10,747	\$ 19,799	\$ 8,525
Net prior service cost for the year	—	90	2,901	152
Reclassification Adjustments:				
Net loss	(9,483)	(193)	(3,891)	(212)
Prior service credit (cost)	(1,833)	47	(3,989)	87
Transition asset	—	4	—	4
Total other comprehensive income:	\$ 2,878	\$ 10,695	\$ 14,820	\$ 8,556

Amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost in 2009 are as follows:

	United States	International
		(In thousands)
Net loss	\$ 4,312	\$ 602
Prior service costs (credit)	1,833	(40)
Transition asset	—	(4)

Prior service costs are amortized using an alternative straight-line method over the average remaining service period of employees expected to receive plan benefits.

Assumed long-term rates of return on plan assets, discount rates and rates of compensation increases vary for the different plans according to the local economic conditions.

The weighted average assumption rates used for benefit obligations were as follows:

	Year Ended December 31,	
	2008	2007
Discount rate:		
United States plans	5.75 - 6.25%	5.00 - 6.00%
International plans	2.10 - 6.00	1.94 - 8.10
Rate of compensation increase:		
United States plans	8.00	8.00
International plans	2.00 - 5.15	2.00 - 6.50

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The weighted average assumption rates used for net periodic benefit costs were as follows:

	Year Ended December 31,		
	2008	2007	2006
Discount rate:			
United States plans	5.75 - 6.00%	5.00 - 5.50%	5.00 - 5.50%
International plans	1.94 - 5.60	1.90 - 6.60	2.00 - 5.80
Expected return on plan assets:			
United States plans	7.00	5.00 - 7.00	5.00 - 7.00
International plans	4.20 - 7.34	4.00 - 6.82	4.00 - 7.50
Rate of compensation increase:			
United States plans	8.00	8.00	6.00
International plans	2.00 - 4.77	2.00 - 6.50	2.00 - 6.08

In determining the overall expected long-term rate of return for plan assets, the Company takes into consideration the historical experience as well as future expectations of the asset mix involved. As different investments yield different returns, each asset category must be reviewed individually and then weighted for significance in relation to the total portfolio.

The weighted average asset allocations at December 31, 2008 and 2007, by asset category were as follows:

	2008		2007	
	United States	International	United States	International
Equity	58%	62%	59%	73%
Debt securities	42	23	40	18
Other	—	15	1	9
Total	100%	100%	100%	100%

In the U.S., the Company's investment strategy includes a balanced approach with target allocation percentages of 60% equity investments and 40% fixed income investments. For the international plans, the assets are invested primarily in equity investments as they are expected to provide a higher long-term rate of return. The Company's pension investment strategy worldwide prohibits a direct investment in its own stock.

In 2009, the Company expects to contribute less than \$1 million in the U.S. and \$10 million internationally to its pension and other postretirement benefit plans. In addition, the following benefit payments, which reflect expected future service and anticipated settlements, as appropriate, are expected to be paid (in thousands):

	United States		International	
2009	\$	9,736	\$	2,407
2010		9,102		1,559
2011		9,338		3,253
2012		9,159		2,854
2013		12,388		3,183
2014 - 2018		70,712		31,331

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**15. Income Taxes**

The components of Income from Continuing Operations Before Income Taxes and Minority Interest were as follows:

	Year Ended December 31,		
	2008	2007 (In thousands)	2006
Domestic	\$ 533,942	\$ 512,275	\$ 536,440
Foreign	1,155,972	932,211	702,469
	<u>\$ 1,689,914</u>	<u>\$ 1,444,486</u>	<u>\$ 1,238,909</u>

The Company's income tax benefit (provision) from continuing operations consisted of the following:

	Year Ended December 31,		
	2008	2007 (In thousands)	2006
<b>Current:</b>			
U.S. federal and state income taxes	\$ (96,549)	\$ (132,182)	\$ (82,177)
Foreign	(233,704)	(171,705)	(190,883)
Total current	(330,253)	(303,887)	(273,060)
<b>Deferred:</b>			
U.S. federal	37,045	(47,990)	(78,819)
Foreign	4,397	19,117	30,406
Total deferred	41,442	(28,873)	(48,413)
	<u>\$ (288,811)</u>	<u>\$ (332,760)</u>	<u>\$ (321,473)</u>

The difference between the tax (provision) benefit at the statutory federal income tax rate and the tax (provision) benefit attributable to Income from Continuing Operations Before Income Taxes and Minority Interest for the three years ended December 31, 2008 is analyzed below:

	Year Ended December 31,		
	2008	2007 (In thousands)	2006
Statutory federal income tax rate	\$ (591,470)	\$ (505,571)	\$ (433,618)
Effect of state income tax, net and alternative minimum tax	(11,177)	(8,957)	(1,910)
Effect of domestic non-deductible expenses	(2,510)	(5,295)	2,397
Change in valuation allowance	(4,574)	(6,662)	(8,395)
Effect of foreign income tax, net	332,332	204,470	99,291
Change in income tax reserve	(9,302)	(5,425)	7,500
Other	(2,110)	(5,320)	13,262
	<u>\$ (288,811)</u>	<u>\$ (332,760)</u>	<u>\$ (321,473)</u>

During 2008, the Company recorded a benefit of approximately \$100 million related to foreign taxes paid that will be used to reduce its future United States tax liability. This adjustment is presented in effect of foreign income tax, net.

During 2006, the Company recorded a benefit of \$26 million related to the favorable settlement of certain foreign income tax exposures. This adjustment is presented in effect of foreign income tax, net.

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During 2006, the Company completed an analysis of book and tax basis differences in its major tax paying jurisdictions and, as a result, recorded a tax benefit of \$13 million, of which, \$5 million is presented in effect of foreign income tax, net and \$8 million is presented in other. In addition, during 2006, the Company recorded \$11 million of benefits related to certain prior year foreign income tax returns. This adjustment is presented in effect of foreign income tax, net. The Company recorded a \$20 million benefit related to its prior year domestic income tax returns during 2006. Of this benefit, \$15 million is presented in effect of foreign income tax, net and \$5 million is presented in other. The Company assessed these adjustments and concluded that these adjustments were immaterial, individually and in the aggregate, to the Company's prior years' results of operations.

Deferred tax assets and liabilities are recognized for the estimated future tax effects of temporary differences between the tax basis of an asset or liability and its reported amount in the financial statements. The measurement of deferred tax assets and liabilities is based on enacted tax laws and rates currently in effect in each of the jurisdictions in which the Company has operations.

Deferred tax assets and liabilities are classified as current or non-current according to the classification of the related asset or liability for financial reporting. The components of the net deferred tax asset (liability) attributable to continuing operations were as follows:

	December 31,	
	2008	2007
(In thousands)		
<b>Deferred tax assets:</b>		
Domestic and foreign operating losses	\$ 118,519	\$ 109,898
Accrued liabilities and reserves	180,476	173,855
Tax credits	127,331	34,343
Other differences between financial and tax basis	76,519	63,626
Differences between financial and tax basis inventory	32,596	51,590
Valuation allowance	(68,853)	(61,626)
Total deferred tax assets	<u>466,588</u>	<u>371,686</u>
<b>Deferred tax liabilities:</b>		
Property, plant and equipment	(180,852)	(156,073)
Goodwill and other intangibles	(188,883)	(181,626)
Unremitted foreign earnings	(1,046)	(18,787)
Other differences between financial and tax basis	(31,201)	(10,555)
Total deferred tax liabilities	<u>(401,982)</u>	<u>(367,041)</u>
Net deferred tax assets	<u>\$ 64,606</u>	<u>\$ 4,645</u>

The overall increase in the valuation allowance in 2008 is primarily attributable to the establishment of a valuation allowance against net operating losses ("NOLs") in various jurisdictions. Management's assessment is that the character and nature of future taxable income may not allow the Company to realize the tax benefits of the NOLs and tax credits within the allowable carryforward period. Therefore, an appropriate valuation allowance has been made.

The Company has provided additional taxes for the anticipated repatriation of earnings of its foreign subsidiaries where Management has determined that the foreign subsidiaries earnings are not indefinitely reinvested. For foreign subsidiaries whose earnings are indefinitely reinvested, no provision for U.S. federal and state income taxes has been provided. If the earnings were not indefinitely reinvested, the estimated tax benefit would be approximately \$57 million after application of available foreign tax credits.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

At December 31, 2008, the Company had approximately \$392 million of NOLs, \$71 million of which were generated by certain domestic subsidiaries prior to their acquisition by the Company. The use of these acquired domestic NOLs is subject to limitations imposed by the Internal Revenue Code and is also restricted to the taxable income of the subsidiaries generating these losses. Loss carryforwards, if not utilized, will expire at various dates from 2008 through 2028.

At December 31, 2008, the Company had approximately \$113 million of foreign tax credits available to offset future payments of federal income taxes. The foreign tax credits expire in varying amounts through 2018.

The Company adopted the provisions of FIN No. 48 on January 1, 2007. The total amount of unrecognized tax benefits as of the date of adoption was \$34 million. As a result of the implementation of FIN No. 48, the Company recognized a \$1.1 million increase in the liability for unrecognized tax benefits accounted for as a \$0.3 million increase to retained earnings (cumulative effect) and a \$1.4 million increase to goodwill.

A tabular reconciliation of the total amounts of unrecognized tax benefits at the beginning and end of the period is as follows (in thousands):

Balance at January 1, 2008	\$ 37,805
Additions as a result of tax positions taken during a prior period	8,904
Reductions as a result of tax positions taken during a prior period	(71)
Additions as a result of tax positions taken during the current period	1,391
Reductions relating to settlements with taxing authorities	(2,767)
Reductions as a result of a lapse of the applicable statute of limitations	—
Balance at December 31, 2008	<u>\$ 45,262</u>

Included in the balance of unrecognized benefits at December 31, 2008, are \$38 million of tax benefits that, if recognized in future periods, would impact the Company's effective tax rate. Also included in the balance of unrecognized tax benefits at December 31, 2008 are \$7 million of tax benefits that, if recognized, would result in a decrease to goodwill in purchase business combinations.

To the extent penalties and interest would be assessed on any underpayment of income tax, such amounts have been accrued and classified as a component of income tax expense in the financial statements. This is an accounting policy election made by the Company that is a continuation of the Company's historical policy and will continue to be consistently applied in the future. The Company recognized \$2 million of expense relating to interest for the period ended December 31, 2008. The Company's expense recognized relating to penalties for the period ended December 31, 2008 was immaterial. As of December 31, 2008, the Company has accrued \$11 million of interest and \$3 million of penalties related to unrecognized tax benefits.

The Company is subject to income tax in many of the approximately 100 countries where it operates including major operations in the United States, the United Kingdom, and Canada. Many of the Company's subsidiaries are open to examination in the United Kingdom and Canada dating from 1997 and 1998, respectively through December 31, 2008. The Company is open to examination in the United States for tax years ended December 31, 2004 through December 31, 2007.

The Company does not anticipate a significant change in the balance of unrecognized tax benefits within the next 12 months.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**16. Disputes, Litigation and Contingencies**

*U.S. Government and Internal Investigations*

We are currently involved in government and internal investigations involving various of our operations. We participated in the United Nations oil-for-food program governing sales of goods and services into Iraq. The SEC has subpoenaed certain documents in connection with an investigation into our participation in the oil-for-food program. The U.S. Department of Justice is also conducting an investigation of our participation in the oil-for-food program. We are cooperating fully with these investigations. We have retained legal counsel, reporting to our audit committee, to investigate this matter. These investigations are ongoing, and we cannot anticipate the timing, outcome or possible impact of these investigations, financial or otherwise.

The U.S. Department of Commerce, Bureau of Industry & Security and the U.S. Department of Justice are investigating allegations of improper sales of products and services by us and our subsidiaries in sanctioned countries. We are cooperating fully with this investigation. We have retained legal counsel, reporting to our audit committee, to investigate this matter. This investigation is ongoing, and we cannot anticipate the timing, outcome or possible impact of the investigation, financial or otherwise.

In light of this investigation and of the current U.S. and foreign policy environment and the inherent uncertainties surrounding these countries, we decided in September 2007 to direct our foreign subsidiaries to discontinue doing business in countries that are subject to U.S. economic and trade sanctions, including Cuba, Iran, Sudan and Syria. Effective September 2007, we ceased entering into any new contracts relating to these countries and began an orderly discontinuation and winding down of our existing business in these sanctioned countries. Effective March 31, 2008, we completed our withdrawal from these countries.

With the assistance of outside counsel and in connection with U.S. government investigations and subpoenas, we are conducting investigations regarding the embezzlement of approximately \$175,000 at a European subsidiary and the possible improper use of these funds, including possible payments to government officials in Europe, during the period from 2000 to 2004, and the Company's compliance with the Foreign Corrupt Practices Act and other laws worldwide. As part of these investigations, we have also uncovered potential violations of U.S. law in connection with a joint venture in Angola. These investigations are ongoing, and we cannot anticipate the timing, outcome or possible impact, if any, of the investigations, financial or otherwise. We have informed the SEC and the DOJ of these investigations, and the results of the investigations are being provided to the SEC and DOJ.

The DOJ, the SEC and other agencies and authorities have a broad range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of trading sanctions laws, the Foreign Corrupt Practices Act and other federal statutes including, but not limited to, injunctive relief, disgorgement, fines, penalties and modifications to business practices and compliance programs. In recent years, these agencies and authorities have entered into agreements with, and obtained a range of penalties against, several public corporations and individuals in similar investigations, under which civil and criminal penalties were imposed, including in some cases fines and other penalties and sanctions in the tens and hundreds of millions of dollars. Under trading sanctions laws, the DOJ may also seek to impose modifications to business practices, including immediate cessation of all business activities in specific countries or other limitations that decrease our business, and modifications to compliance programs, which may increase compliance costs. In addition, our activities in sanctioned countries, such as Sudan and Iran, could result in certain investors, such as government sponsored pension funds, divesting or not investing in our common shares. Based on available information, we cannot predict what, if any, actions the DOJ, SEC or other authorities may take in our situation or the effect any such actions may have on our consolidated financial position or results of operations. To the extent we violated U.S. export regulations, fines and other penalties may be imposed. Because these matters are now pending before the indicated agencies, there can be no assurance that actual fines or penalties, if any, will not have a material adverse effect on our business, financial condition, liquidity or results of operations.

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During 2008, we incurred \$56 million for costs incurred in connection with our exit from sanctioned countries and \$47 million in legal and professional fees incurred in connection with complying and conducting with these on-going investigations. We will have additional charges related to these matters in future periods, which costs may include labor claims, contractual claims, penalties assessed by customers, and costs, fines, taxes and penalties assessed by the local governments, but we cannot quantify those charges or be certain of the timing of them.

***Other Litigation and Disputes***

The Company is aware of various disputes and potential claims and is a party in various litigation involving claims against the Company, some of which are covered by insurance. Based on facts currently known, the Company believes that the ultimate liability, if any, which may result from known claims, disputes and pending litigation, would not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

**17. Commitments**

***Operating Leases***

The Company is committed under various operating lease agreements primarily related to office space and equipment. Generally, these leases include renewal provisions and rental payments, which may be adjusted for taxes, insurance and maintenance related to the property. Future minimum rental commitments under noncancelable operating leases are as follows (in thousands):

2009	\$	111,107
2010		48,780
2011		35,580
2012		23,862
2013		17,890
Thereafter		115,040
	\$	<u>352,259</u>

Total rent expense incurred under operating leases was approximately \$188 million, \$130 million and \$90 million for the years ended December 31, 2008, 2007 and 2006, respectively.

**18. Segment Information**

***Reporting Segments***

The Company realigned its financial reporting segments during 2007 and now reports the following regions as separate, distinct reporting segments: (1) North America, (2) Latin America, (3) Europe/West Africa/CIS and (4) Middle East/North Africa/Asia.

Financial information by segment for each of the three years ended December 31, 2008 is summarized below. Revenues are attributable to countries based on the ultimate destination of the sale of products or performance of services. The total assets and capital expenditures for the years ended December 31, 2008, 2007 and 2006 do not include the assets or activity of the Company's discontinued operation. The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended December 31, 2008				Total Assets at December 31, 2008
	Net Operating Revenues	Income from Operations	Depreciation and Amortization (In thousands)	Capital Expenditures	
North America	\$ 4,460,147	\$ 1,125,199	\$ 310,054	\$ 602,876	\$ 6,541,697
Middle East/North Africa/Asia	2,391,520	561,012	196,443	1,123,751	4,320,875
Europe/West Africa/CIS	1,539,190	382,772	119,957	393,532	2,641,687
Latin America	1,209,707	277,094	93,942	312,382	2,010,313
	9,600,564	2,346,077	720,396	2,432,541	15,514,572
Corporate and Research and Development	—	(327,671)	11,412	51,622	961,941
Other(a)	—	(39,857)	—	—	—
Total	\$ 9,600,564	\$ 1,978,549	\$ 731,808	\$ 2,484,163	\$ 16,476,513

	Year Ended December 31, 2007				Total Assets at December 31, 2007
	Net Operating Revenues	Income from Operations	Depreciation and Amortization (In thousands)	Capital Expenditures	
North America	\$ 3,937,456	\$ 1,013,088	\$ 277,222	\$ 722,277	\$ 6,265,186
Middle East/North Africa/Asia	1,823,769	416,263	158,321	446,215	3,027,456
Europe/West Africa/CIS	1,188,519	293,846	86,768	230,990	2,005,391
Latin America	882,318	203,211	74,089	198,321	1,209,846
	7,832,062	1,926,408	596,400	1,597,803	12,507,879
Corporate and Research and Development	—	(271,285)	9,826	37,238	656,876
Other(b)	—	(30,787)	—	—	—
Total	\$ 7,832,062	\$ 1,624,336	\$ 606,226	\$ 1,635,041	\$ 13,164,755

	Year Ended December 31, 2006				Total Assets at December 31, 2006
	Net Operating Revenues	Income from Operations	Depreciation and Amortization (In thousands)	Capital Expenditures	
North America	\$ 3,672,630	\$ 1,040,647	\$ 223,895	\$ 525,248	\$ 5,290,389
Middle East/North Africa/Asia	1,352,758	279,953	117,599	304,553	2,330,911
Europe/West Africa/CIS	827,343	171,798	65,540	102,259	1,272,906
Latin America	726,197	133,027	64,864	85,393	959,141
	6,578,928	1,625,425	471,898	1,017,453	9,853,347
Corporate and Research and Development	—	(244,535)	11,050	33,647	252,408
Other(c)	—	(26,203)	—	—	—
Total	\$ 6,578,928	\$ 1,354,687	\$ 482,948	\$ 1,051,100	\$ 10,105,755

(a) The year ended December 31, 2008 is comprised of \$56 million for costs incurred in connection with the Company's withdrawal from sanctioned countries, \$47 million in legal and professional fees incurred in connection with the Company's on-going investigations by the U.S. government and \$18 million for severance

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

costs incurred for restructuring activities. These charges were partially offset by an \$81 million gain recognized as a result of the Company selling its 50% interest in a subsidiary it controlled to Qatar Petroleum for cash consideration of \$113 million.

- (b) The year ended December 31, 2007 is comprised of \$17 million in severance charges associated with restructuring activities and \$14 million in legal and professional fees incurred in connection with the Company's on-going investigations by the U.S. government.
- (c) The year ended December 31, 2006 includes charges of \$26 million, which are primarily due to severance charges incurred in connection with restructuring activities.

**Products and Services**

The Company is a diversified international energy service and manufacturing company that provides a variety of services and equipment to the exploration, production and transmission sectors of the oil and natural gas industry. The Company operates in virtually every oil and natural gas exploration and production region in the world. The composition of the Company's consolidated revenues by product line is as follows:

	Year Ended December 31,		
	2008	2007	2006
Artificial Lift Systems	17%	18%	18%
Drilling Services	16	15	15
Well Construction	15	16	15
Drilling Tools	11	12	12
Completion Systems	10	10	10
Wireline	8	8	10
Re-entry & Fishing	7	8	8
Stimulation & Chemicals	7	6	6
Integrated Drilling	6	5	5
Pipeline & Specialty Services	3	2	1
Total	100%	100%	100%

**Geographic Areas**

Financial information by geographic area for each of the three years ended December 31, 2008, is summarized below. Long-lived assets are long-term assets excluding deferred tax assets of \$36 million, \$46 million and \$34 million at December 31, 2008, 2007 and 2006, respectively.

	Revenues from Unaffiliated Customers			Long-Lived Assets		
	2008	2007	2006	2008	2007	2006
	(In thousands)					
United States	\$ 3,392,945	\$ 2,955,108	\$ 2,512,840	\$ 4,156,196	\$ 3,612,886	\$ 2,925,719
Canada	1,067,202	982,348	1,159,790	1,039,899	1,259,620	1,290,986
Other Countries	5,140,417	3,894,606	2,906,298	5,674,493	3,800,718	2,496,787
	\$ 9,600,564	\$ 7,832,062	\$ 6,578,928	\$ 10,870,588	\$ 8,673,224	\$ 6,713,492

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**19. Quarterly Financial Data (Unaudited)**

	Quarter				Total
	First	Second	Third	Fourth	
(In thousands, except per share amounts)					
<b>2008</b>					
Revenues	\$ 2,195,892	\$ 2,229,250	\$ 2,540,796	\$ 2,634,626	\$ 9,600,564
Gross Profit	746,214	775,096	899,873	936,923	3,358,106
Income from Continuing Operations	284,069	364,044	370,600	348,118	1,366,831
Gain (Loss) from Discontinued Operation, Net of Tax	(19,868)	6,940	—	—	(12,928)
Net Income	264,201	370,984	370,600	348,118	1,353,903
Basic Earnings Per Share:					
Continuing Operations	\$ 0.42	\$ 0.53	\$ 0.54	\$ 0.51	\$ 2.00
Discontinued Operation	(0.03)	0.01	—	—	(0.02)
Net Income	<u>\$ 0.39</u>	<u>\$ 0.54</u>	<u>\$ 0.54</u>	<u>\$ 0.51</u>	<u>\$ 1.98</u>
Diluted Earnings Per Share:					
Continuing Operations	\$ 0.41	\$ 0.52	\$ 0.53	\$ 0.50	\$ 1.96
Discontinued Operation	(0.03)	0.01	—	—	(0.02)
Net Income	<u>\$ 0.38</u>	<u>\$ 0.53</u>	<u>\$ 0.53</u>	<u>\$ 0.50</u>	<u>\$ 1.94</u>
<b>2007</b>					
Revenues	\$ 1,852,285	\$ 1,815,945	\$ 1,971,991	\$ 2,191,841	\$ 7,832,062
Gross Profit	687,929	623,477	698,744	764,302	2,774,452
Income from Continuing Operations	283,819	176,480	294,924	336,752	1,091,975
Loss from Discontinued Operation, Net of Tax	(2,247)	(11,170)	(2,211)	(5,741)	(21,369)
Net Income	281,572	165,310	292,713	331,011	1,070,606
Basic Earnings Per Share:					
Continuing Operations	\$ 0.42	\$ 0.26	\$ 0.44	\$ 0.50	\$ 1.61
Discontinued Operation	—	(0.02)	(0.01)	(0.01)	(0.03)
Net Income	<u>\$ 0.42</u>	<u>\$ 0.24</u>	<u>\$ 0.43</u>	<u>\$ 0.49</u>	<u>\$ 1.58</u>
Diluted Earnings Per Share:					
Continuing Operations	\$ 0.41	\$ 0.25	\$ 0.42	\$ 0.48	\$ 1.57
Discontinued Operation	—	(0.01)	—	(0.01)	(0.03)
Net Income	<u>\$ 0.41</u>	<u>\$ 0.24</u>	<u>\$ 0.42</u>	<u>\$ 0.47</u>	<u>\$ 1.54</u>

**20. Subsequent Events**

In January 2009, the Company completed a \$1.25 billion long-term debt offering comprised of (i) \$1 billion of 9.625% Senior Notes due in 2019 ("9.625% Senior Notes") and (ii) \$250 million of 9.875% Senior Notes due in 2039 ("9.875% Senior Notes"). Net proceeds of \$1.23 billion were used to repay short-term borrowings with maturities of less than one month and for general corporate purposes. Interest on these notes is due semi-annually on March 1 and September 1 of each year.

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The Company anticipates that, during the first quarter of 2009, it will complete a transaction in which Weatherford Limited will become a wholly-owned subsidiary of Weatherford International Ltd., a Swiss joint-stock company ("Weatherford-Switzerland"), and holders of its common shares will receive one registered share of Weatherford Switzerland for each common share of Weatherford Limited that they hold.

**21. Consolidating Financial Statements**

The following obligations of Weatherford International, Inc. ("Issuer") were guaranteed by Weatherford International Ltd. ("Parent") as of December 31, 2008 and 2007: (i) the 6.625% Senior Notes, (ii) the 5.95% Senior Notes, (iii) the 6.35% Senior Notes and (iv) the 6.80% Senior Notes.

The following obligations of the Parent were guaranteed by the Issuer at December 31, 2008: (i) the revolving credit facilities, (ii) the 4.95% Senior Notes, (iii) the 5.50% Senior Notes, (iv) the 6.50% Senior Notes, (v) the 5.15% Senior Notes, (vi) the 6.00% Senior Notes, (vii) the 7.00% Senior Notes and (viii) issuances of notes under the commercial paper program.

As a result of these guarantee arrangements, the Company is required to present the following condensed consolidating financial information. The accompanying guarantor financial information is presented on the equity method of accounting for all periods presented. Under this method, investments in subsidiaries are recorded at cost and adjusted for the Company's share in the subsidiaries' cumulative results of operations, capital contributions and distributions and other changes in equity. Elimination entries relate primarily to the elimination of investments in subsidiaries and associated intercompany balances and transactions. Certain prior year amounts have been reclassified to conform to the current year presentation.

**WEATHERFORD  
INTERNATIONAL, LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Condensed  
Consolidating Balance Sheet  
December 31, 2008  
(In thousands)**

	<u>Parent</u>	<u>Issuer</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidation</u>
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 24	\$ 50	\$ 238,324	\$ —	\$ 238,398
Other Current Assets	11,547	90,626	5,229,711	—	5,331,884
	<u>11,571</u>	<u>90,676</u>	<u>5,468,035</u>	<u>—</u>	<u>5,570,282</u>
Equity Investments in Affiliates	14,335,661	6,231,144	12,611,943	(33,178,748)	—
Shares Held in Parent	—	133,519	625,958	(759,477)	—
Intercompany Receivables, Net	1,289,507	906,534	—	(2,196,041)	—
Other Assets	59,325	184,869	10,662,037	—	10,906,231
	<u>\$ 15,696,064</u>	<u>\$ 7,546,742</u>	<u>\$ 29,367,973</u>	<u>\$ (36,134,266)</u>	<u>\$ 16,476,513</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Current Liabilities:					
Short-term Borrowings and Current Portion of Long-term Debt	\$ 781,443	\$ 1,758	\$ 472,746	\$ —	\$ 1,255,947
Accounts Payable and Other Current Liabilities	59,534	39,764	1,666,848	—	1,766,146
	840,977	41,522	2,139,594	—	3,022,093
Long-term Debt	2,701,747	1,849,428	13,080	—	4,564,255
Intercompany Payables, Net	—	—	2,196,041	(2,196,041)	—
Other Long-term Liabilities	110,627	2,502	410,987	—	524,116
	3,653,351	1,893,452	4,759,702	(2,196,041)	8,110,464
Minority Interest in Consolidated Subsidiaries	—	—	80,401	—	80,401
Shareholders' Equity	12,042,713	5,653,290	24,527,870	(33,938,225)	8,285,648
	<u>\$ 15,696,064</u>	<u>\$ 7,546,742</u>	<u>\$ 29,367,973</u>	<u>\$ (36,134,266)</u>	<u>\$ 16,476,513</u>

**WEATHERFORD  
INTERNATIONAL, LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Condensed  
Consolidating Balance Sheet  
December 31, 2007  
(In thousands)**

	<u>Parent</u>	<u>Issuer</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidation</u>
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 228	\$ 1,489	\$ 168,997	\$ —	\$ 170,714
Other Current Assets	13,591	2,537	4,284,927	—	4,301,055
	<u>13,819</u>	<u>4,026</u>	<u>4,453,924</u>	<u>—</u>	<u>4,471,769</u>
Equity Investments in Affiliates	12,008,907	4,696,938	13,600,365	(30,306,210)	—
Shares Held in Parent	—	129,428	794,774	(924,202)	—
Intercompany Receivables, Net	(127,594)	1,233,846	—	(1,106,252)	—
Other Assets	52,031	34,186	8,632,971	—	8,719,188
	<u>\$ 11,947,163</u>	<u>\$ 6,098,424</u>	<u>\$ 27,482,034</u>	<u>\$ (32,336,664)</u>	<u>\$ 13,190,957</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Current Liabilities:					
Short-term Borrowings and Current Portion of Long-term Debt	\$ 582,389	\$ 24,854	\$ 166,977	\$ —	\$ 774,220
Accounts Payable and Other Current Liabilities	47,574	7,959	1,372,612	—	1,428,145
	<u>629,963</u>	<u>32,813</u>	<u>1,539,589</u>	<u>—</u>	<u>2,202,365</u>
Long-term Debt	1,198,418	1,850,594	17,323	—	3,066,335
Intercompany Payables, Net	—	—	1,106,252	(1,106,252)	—
Other Long-term Liabilities	91,392	22,556	368,263	—	482,211
	<u>1,919,773</u>	<u>1,905,963</u>	<u>3,031,427</u>	<u>(1,106,252)</u>	<u>5,750,911</u>
Minority Interest In Consolidated Subsidiaries	—	—	33,327	—	33,327
Shareholders' Equity	10,027,390	4,192,461	24,417,280	(31,230,412)	7,406,719
	<u>\$ 11,947,163</u>	<u>\$ 6,098,424</u>	<u>\$ 27,482,034</u>	<u>\$ (32,336,664)</u>	<u>\$ 13,190,957</u>

**WEATHERFORD  
INTERNATIONAL, LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Condensed  
Consolidating Statement of Operations  
Year Ended December 31, 2008  
(In thousands)**

	<u>Parent</u>	<u>Issuer</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidation</u>
Revenues	\$ —	\$ —	\$ 9,600,564	\$ —	\$ 9,600,564
Costs and Expenses	(35,899)	(1,684)	(7,584,432)	—	(7,622,015)
Operating Income (Loss)	(35,899)	(1,684)	2,016,132	—	1,978,549
Other Income (Expense):					
Interest Expense, Net	(127,684)	(115,721)	(274)	—	(243,679)
Intercompany Charges, Net	128,198	—	(128,198)	—	—
Equity in Subsidiary Income	1,393,964	1,478,574	—	(2,872,538)	—
Other, Net	(6,676)	(1,783)	(36,497)	—	(44,956)
Income (Loss) from Continuing Operations Before Income Taxes and Minority Interest	1,351,903	1,359,386	1,851,163	(2,872,538)	1,689,914
Provision for Income Taxes	—	34,578	(323,389)	—	(288,811)
Income (Loss) from Continuing Operations Before Minority Interest	1,351,903	1,393,964	1,527,774	(2,872,538)	1,401,103
Minority Interest, Net of Taxes	—	—	(34,272)	—	(34,272)
Income (Loss) from Continuing Operations	1,351,903	1,393,964	1,493,502	(2,872,538)	1,366,831
Income (Loss) from Discontinued Operation, Net of Taxes	2,000	—	(14,928)	—	(12,928)
Net Income (Loss)	<u>\$1,353,903</u>	<u>\$1,393,964</u>	<u>\$ 1,478,574</u>	<u>\$(2,872,538)</u>	<u>\$ 1,353,903</u>

**WEATHERFORD  
INTERNATIONAL, LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Condensed  
Consolidating Statement of Operations  
Year Ended December 31, 2007  
(In thousands)**

	<u>Parent</u>	<u>Issuer</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidation</u>
Revenues	\$ —	\$ —	\$ 7,832,062	\$ —	\$ 7,832,062
Costs and Expenses	(15,400)	(3,641)	(6,188,685)	—	(6,207,726)
Operating Income (Loss)	(15,400)	(3,641)	1,643,377	—	1,624,336
Other Income (Expense):					
Interest Expense, Net	(95,568)	(73,428)	(2,285)	—	(171,281)
Intercompany Charges, Net	(100,538)	206,371	(105,833)	—	—
Equity in Subsidiary Income	1,262,288	1,177,140	—	(2,439,428)	—
Other, Net	7,709	1,101	(17,379)	—	(8,569)
Income (Loss) from Continuing Operations Before Income Taxes and Minority Interest	1,058,491	1,307,543	1,517,880	(2,439,428)	1,444,486
Provision for Income Taxes	—	(45,255)	(287,505)	—	(332,760)
Income (Loss) from Continuing Operations Before Minority Interest	1,058,491	1,262,288	1,230,375	(2,439,428)	1,111,726
Minority Interest, Net of Taxes	—	—	(19,751)	—	(19,751)
Income (Loss) from Continuing Operations	1,058,491	1,262,288	1,210,624	(2,439,428)	1,091,975
Loss from Discontinued Operation, Net of Taxes	12,115	—	(33,484)	—	(21,369)
Net Income (Loss)	<u>\$1,070,606</u>	<u>\$1,262,288</u>	<u>\$ 1,177,140</u>	<u>\$(2,439,428)</u>	<u>\$ 1,070,606</u>

**WEATHERFORD  
INTERNATIONAL, LTD. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Condensed  
Consolidating Statement of Operations  
Year Ended December 31, 2006  
(In thousands)**

	<u>Parent</u>	<u>Issuer</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidation</u>
Revenues	\$ —	\$ —	\$ 6,578,928	\$ —	\$ 6,578,928
Costs and Expenses	(16,872)	(1,013)	(5,206,356)	—	(5,224,241)
Operating Income (Loss)	(16,872)	(1,013)	1,372,572	—	1,354,687
Other Income (Expense):					
Interest Expense, Net	(74,669)	(26,337)	(1,554)	—	(102,560)
Intercompany Charges, Net	(42,732)	67,923	(25,191)	—	—
Equity in Subsidiary Income	1,030,970	1,006,190	—	(2,037,160)	—
Other, Net	(325)	(864)	(12,029)	—	(13,218)
Income (Loss) from Continuing Operations Before Income Taxes and Minority Interest	896,372	1,045,899	1,333,798	(2,037,160)	1,238,909
Provision for Income Taxes	(3)	(14,929)	(306,541)	—	(321,473)
Income (Loss) from Continuing Operations Before Minority Interest	896,369	1,030,970	1,027,257	(2,037,160)	917,436
Minority Interest, Net of Taxes	—	—	(11,330)	—	(11,330)
Income (Loss) from Continuing Operations	896,369	1,030,970	1,015,927	(2,037,160)	906,106
Loss from Discontinued Operation, Net of Taxes	—	—	(9,737)	—	(9,737)
Net Income (Loss)	<u>\$ 896,369</u>	<u>\$1,030,970</u>	<u>\$ 1,006,190</u>	<u>\$(2,037,160)</u>	<u>\$ 896,369</u>

**WEATHERFORD  
INTERNATIONAL, LTD. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Condensed  
Consolidating Statement of Cash Flows  
Year Ended December 31, 2008  
(In thousands)**

	<u>Parent</u>	<u>Issuer</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidation</u>
<b>Cash Flows from Operating Activities:</b>					
Net Income (Loss)	\$ 1,353,903	\$ 1,393,964	\$ 1,478,574	\$ (2,872,538)	\$ 1,353,903
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Charges from Parent or Subsidiary	(128,198)	—	128,198	—	—
(Gain) Loss from Discontinued Operations	(2,000)	—	14,928	—	12,928
Equity in (Earnings) Loss of Affiliates	(1,393,964)	(1,478,574)	—	2,872,538	—
Deferred Income Tax Provision (Benefit)	—	(15,687)	(25,755)	—	(41,442)
Other Adjustments	(21,284)	(120,321)	(72,997)	—	(214,602)
Net Cash Provided (Used) by Operating Activities — Continuing Operations	(191,543)	(220,618)	1,522,948	—	1,110,787
Net Cash Used by Operating Activities — Discontinued Operations	—	—	(6,219)	—	(6,219)
Net Cash Provided (Used) by Operating Activities	(191,543)	(220,618)	1,516,729	—	1,104,568
<b>Cash Flows from Investing Activities:</b>					
Acquisitions of Businesses, Net of Cash Acquired	—	—	(798,530)	—	(798,530)
Capital Expenditures for Property, Plant and Equipment	—	—	(2,484,163)	—	(2,484,163)
Acquisition of Intellectual Property	—	—	(24,079)	—	(24,079)
Purchase of Equity Investment in Unconsolidated Affiliate	—	—	(11,568)	—	(11,568)
Proceeds from Sale of Assets and Businesses, Net	—	—	297,285	—	297,285
Capital Contribution to Subsidiary	(350,966)	(5,050)	—	356,016	—
Net Cash Provided (Used) by Investing Activities — Continuing Operations	(350,966)	(5,050)	(3,021,055)	356,016	(3,021,055)
Net Cash Provided by Investing Activities — Discontinued Operations	11,000	—	—	—	11,000
Net Cash Provided (Used) by Investing Activities	(339,966)	(5,050)	(3,021,055)	356,016	(3,010,055)
<b>Cash Flows from Financing Activities:</b>					
Borrowings of (Repayments on) Short-term Debt, Net	199,054	(23,096)	301,863	—	477,821
Borrowings of (Repayments on) Long-term Debt, Net	1,483,931	(1,166)	(4,432)	—	1,478,333
Proceeds from Exercise of Stock Options	—	9,942	—	—	9,942
Borrowings (Repayments) Between Subsidiaries, Net	(1,151,147)	226,581	924,566	—	—
Proceeds from Capital Contribution	—	—	356,016	(356,016)	—
Other, Net	(533)	11,968	—	—	11,435
Net Cash Provided (Used) by Financing Activities — Continuing Operations	531,305	224,229	1,578,013	(356,016)	1,977,531
Net Cash Provided (Used) by Financing Activities — Discontinued Operations	—	—	—	—	—
Net Cash Provided (Used) by Financing Activities	531,305	224,229	1,578,013	(356,016)	1,977,531
Effect of Exchange Changes on Cash and Cash Equivalents	—	—	(4,360)	—	(4,360)
Net Decrease in Cash and Cash Equivalents	(204)	(1,439)	69,327	—	67,684
Cash and Cash Equivalents at Beginning of Year	228	1,489	168,997	—	170,714
Cash and Cash Equivalents at End of Year	\$ 24	\$ 50	\$ 238,324	\$ —	\$ 238,398

**WEATHERFORD  
INTERNATIONAL, LTD. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Condensed  
Consolidating Statement of Cash Flows  
Year Ended December 31, 2007  
(In thousands)**

	Parent	Issuer	Other Subsidiaries	Eliminations	Consolidation
<b>Cash Flows from Operating Activities:</b>					
Net Income (Loss)	\$ 1,070,606	\$ 1,262,288	\$ 1,177,140	\$ (2,439,428)	\$ 1,070,606
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Charges from Parent or Subsidiary	100,538	(206,371)	105,833	—	—
(Income) Loss from Discontinued Operation	(12,115)	—	33,484	—	21,369
Equity in (Earnings) Loss of Affiliates	(1,262,288)	(1,177,140)	—	2,439,428	—
Deferred Income Tax Provision (Benefit)	—	(16,788)	45,661	—	28,873
Other Adjustments	413,899	(115,003)	(537,089)	—	(238,193)
Net Cash Provided (Used) by Operating Activities — Continuing Operations	310,640	(253,014)	825,029	—	882,655
Net Cash Used by Operating Activities — Discontinued Operation	—	—	(10,149)	—	(10,149)
Net Cash Provided (Used) by Operating Activities	310,640	(253,014)	814,880	—	872,506
<b>Cash Flows from Investing Activities:</b>					
Acquisitions of Businesses, Net of Cash Acquired	—	—	(275,149)	—	(275,149)
Purchase of Equity Investments in Unconsolidated Affiliates	—	—	(335,220)	—	(335,220)
Capital Expenditures for Property, Plant and Equipment	—	—	(1,635,041)	—	(1,635,041)
Acquisition of Intellectual Property	—	—	(23,035)	—	(23,035)
Proceeds from Sale of Assets and Businesses, Net	—	—	84,476	—	84,476
Capital Contribution to Subsidiary	(736,748)	(36,147)	—	772,895	—
Distribution of Earnings from Subsidiary	—	(1,486,365)	1,486,365	—	—
Other Investing Activities	—	—	(38,500)	—	(38,500)
Net Cash Provided (Used) by Investing Activities — Continuing Operations	(736,748)	(1,522,512)	(736,104)	772,895	(2,222,469)
Net Cash Used by Investing Activities — Discontinued Operation	—	—	(10,579)	—	(10,579)
Net Cash Provided (Used) by Investing Activities	(736,748)	(1,522,512)	(746,683)	772,895	(2,233,048)
<b>Cash Flows from Financing Activities:</b>					
Borrowings of (Repayments on) Short-term Debt, Net	(299,187)	16,361	400,691	—	117,865
Borrowings of (Repayments on) Long-term Debt, Net	—	1,485,497	(14,734)	—	1,470,763
Borrowings (Repayments) Between Subsidiaries, Net	725,488	213,695	(939,183)	—	—
Purchase of Treasury Shares	—	—	(246,190)	—	(246,190)
Proceeds from Exercise of Stock Options	—	34,192	—	—	34,192
Proceeds from Capital Contribution	—	—	772,895	(772,895)	—
Other, Net	—	24,999	—	—	24,999
Net Cash Provided (Used) by Financing Activities — Continuing Operations	426,301	1,774,744	(26,521)	(772,895)	1,401,629
Net Cash Provided by Financing Activities — Discontinued Operation	—	—	—	—	—
Net Cash Provided (Used) by Financing Activities	426,301	1,774,744	(26,521)	(772,895)	1,401,629
Effect of Exchange Rate Changes on Cash and Cash Equivalents	—	—	3,340	—	3,340
Net Increase (Decrease) in Cash and Cash Equivalents	193	(782)	45,016	—	44,427
Cash and Cash Equivalents at Beginning of Year	35	2,271	123,981	—	126,287
Cash and Cash Equivalents at End of Year	\$ 228	\$ 1,489	\$ 168,997	\$ —	\$ 170,714

**WEATHERFORD  
INTERNATIONAL, LTD. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Condensed  
Consolidating Statement of Cash Flows  
Year Ended December 31, 2006  
(In thousands)**

	<u>Parent</u>	<u>Issuer</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidation</u>
<b>Cash Flows from Operating Activities:</b>					
Net Income (Loss)	\$ 896,369	\$ 1,030,970	\$ 1,006,190	\$(2,037,160)	\$ 896,369
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Loss from Discontinued Operation	—	—	9,737	—	9,737
Equity in (Earnings) Loss of Affiliates	(1,030,970)	(1,006,190)	—	2,037,160	—
Charges from Parent or Subsidiary	42,732	(67,923)	25,191	—	—
Deferred Income Tax Provision (Benefit)	—	(22,662)	71,075	—	48,413
Other Adjustments	95,020	22,774	21,593	—	139,387
Net Cash Provided (Used) by Operating Activities — Continuing Operation	3,151	(43,031)	1,133,786	—	1,093,906
Net Cash Used by Operating Activities — Discontinued Operation	—	—	(6,887)	—	(6,887)
Net Cash Provided (Used) by Operating Activities	3,151	(43,031)	1,126,899	—	1,087,019
<b>Cash Flows from Investing Activities:</b>					
Acquisitions of Businesses, Net of Cash Acquired	—	—	(194,314)	—	(194,314)
Capital Expenditures for Property, Plant and Equipment	—	—	(1,051,100)	—	(1,051,100)
Acquisition of Intellectual Property	—	—	(31,201)	—	(31,201)
Proceeds from Sale of Assets and Business, Net	—	—	39,860	—	39,860
Capital Contribution to Subsidiary	(942,765)	(23,015)	—	965,780	—
Other, Net	—	—	14,240	—	14,240
Net Cash Provided (Used) by Investing Activities — Continuing Operations	(942,765)	(23,015)	(1,222,515)	965,780	(1,222,515)
Net Cash Used by Investing Activities — Discontinued Operation	—	—	(19,984)	—	(19,984)
Net Cash Provided (Used) by Investing Activities	(942,765)	(23,015)	(1,242,499)	965,780	(1,242,499)
<b>Cash Flows from Financing Activities:</b>					
Borrowings of (Repayments on) Short-term Debt, Net	(226,119)	4,954	111,675	—	(109,490)
Borrowings of (Repayments on) Long-term Debt, Net	944,216	(200,860)	(11,341)	—	732,015
Purchase of Treasury Shares	—	—	(548,575)	—	(548,575)
Proceeds from Exercise of Stock Options	—	55,438	—	—	55,438
Borrowings (Repayments) Between Subsidiaries, Net	221,479	189,838	(411,317)	—	—
Proceeds from Capital Contribution	—	—	965,780	(965,780)	—
Other, Net	(51)	15,775	—	—	15,724
Net Cash Provided (Used) by Financing Activities — Continuing Operations	939,525	65,145	106,222	(965,780)	145,112
Net Cash Provided by Financing Activities — Discontinued Operation	—	—	—	—	—
Net Cash Provided (Used) by Financing Activities	939,525	65,145	106,222	(965,780)	145,112
Effect of Exchange Rate Changes on Cash and Cash Equivalents	—	—	2,410	—	2,410
Net Decrease in Cash and Cash Equivalents	(89)	(901)	(6,968)	—	(7,958)
Cash and Cash Equivalents at Beginning of Year	124	3,172	130,949	—	134,245
Cash and Cash Equivalents at End of Year	<u>\$ 35</u>	<u>\$ 2,271</u>	<u>\$ 123,981</u>	<u>\$ —</u>	<u>\$ 126,287</u>

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**Item 9. *Changes in and Disagreement with Accountants on Accounting and Financial Disclosure***

None.

**Item 9A. *Controls and Procedures***

***Evaluation of disclosure controls and procedures.***

At the end of the period covered by this Annual Report on Form 10-K, the Company carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15 (e) and 15d-15 (e) under the Exchange Act). Based upon that evaluation, the Company's CEO and CFO have concluded the Company's disclosure controls and procedures are effective as of the end of the period covered by this report to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that information relating to the Company (including its consolidated subsidiaries) required to be disclosed is accumulated and communicated to management, including the CEO and CFO, to allow timely decisions regarding required disclosure.

***Changes in internal controls.***

The Company's management, including the CEO and CFO, identified no change in the Company's internal control over financial reporting that occurred during the Company's fiscal quarter ended December 31, 2008, that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

***Internal controls over financial reporting.***

Management's report on our internal controls over financial reporting can be found in Item 8 of this report.

**Item 9B. *Other Information***

None

**PART III**

**Item 10. *Directors, Executive Officers and Corporate Governance***

Pursuant to General Instructions G(3), information on directors and executive officers of the Registrant will be filed in an amendment to this Annual Report on Form 10-K or incorporated by reference from the Company's Definitive Proxy Statement for the annual meeting to be held on May 7, 2009.

Our board of directors has adopted a code of ethics entitled "Code of Conduct," which applies to all our employees, officers and directors and has also adopted a separate "Supplemental Code of Business Conduct" for our senior officers. Copies of these codes can also be found at [www.weatherford.com](http://www.weatherford.com).

**Item 11. *Executive Compensation***

Pursuant to General Instructions G(3), information on executive compensation will be filed in an amendment to this Annual Report on Form 10-K or incorporated by reference from the Company's Definitive Proxy Statement for the annual meeting to be held on May 7, 2009.

**Item 12(a). *Security Ownership of Certain Beneficial Owners.***

Pursuant to General Instructions G(3), information on security ownership of certain beneficial owners will be filed in an amendment to this Annual Report on Form 10-K or incorporated by reference from the Company's Definitive Proxy Statement for the annual meeting to be held on May 7, 2009.

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**Item 12(b). Security Ownership of Management.**

Pursuant to General Instructions G(3), information on security ownership of management will be filed in an amendment to this Annual Report on Form 10-K or incorporated by reference from the Company's Definitive Proxy Statement for the annual meeting to be held on May 7, 2009.

**Item 12(d). Securities Authorized for Issuance Under Equity Compensation Plans.**

The following table provides information as of December 31, 2008 about the number of shares to be issued upon vesting or exercise of equity awards including options, restricted shares, warrants and deferred stock units as well as the number of shares remaining available for issuance under our equity compensation plans.

	Number of Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Shares Reflected in the First Column)
	(In thousands, except share prices)		
Plan Category:			
Equity compensation plans approved by shareholders	10,855	\$ 29.43	8,462
Equity compensation plans not approved by shareholders(a)	<u>29,837</u>	<u>11.82</u>	<u>—</u>
Total	<u><u>40,692</u></u>	<u><u>16.51</u></u>	<u><u>8,462</u></u>

(a) The Weatherford International, Inc. 1998 Employee Stock Option Plan, as amended (the "Plan"), is administered by the Compensation Committee of the Board of Directors. The Plan provides for the grant of nonqualified options to purchase Common Shares of Weatherford International Ltd to all of our employees or its affiliates, as determined by the Compensation Committee. The price at which shares may be purchased is based on the market price of the shares and cannot be less than the aggregate par value of the shares on the date the option was granted. Unless otherwise provided in an option agreement, no option may be exercised after one day less than 10 years from the date of vesting. Options generally become fully exercisable after three to four years from the date of grant, subject to earlier vesting in the event of the death, disability or retirement of the employee or in the event of a change of control of the Company. The Plan provided for the grant of options to purchase up to 88,000,000 shares. As of December 31, 2008, there were options to purchase an aggregate of 9,812,985 Common Shares outstanding under this Plan, all of which are vested. Subsequent to the shareholder approval of the Company's Omnibus Plan in May 2006, awards are no longer granted under the Plan. On September 8, 1998, July 5, 2000, and September 26, 2001, we granted to each of our directors other than Mr. Duroc-Danner options to purchase 374,528, 240,000 and 240,000 Common Shares, respectively, at a purchase price per share equal to \$2.90, \$9.19 and \$5.94, respectively, which was the fair market value of our Common Shares as of the day we granted the options. The options were issued under agreements between us and the directors. Each option is exercisable for a period of ten years from the date which it becomes fully exercisable. The options granted on September 8, 1998 and July 5, 2000 became fully exercisable three years from the date of grant, and the options granted on September 26, 2001 became fully exercisable four years from the date of grant, in each case subject to earlier vesting in the event of the death, disability or retirement of the optionee or warrant holder or a change of control of Weatherford. Under these agreements, there were options to purchase an aggregate of 3,105,984 Common Shares outstanding as of December 31, 2008, all of which are fully vested.

Under our Non-Employee Director Deferred Compensation Plan (the "DDC Plan"), each non-employee director may elect to defer up to 7.5% of any fees paid by the Company. The deferred fees are converted into non-monetary units representing Common Shares that could have been purchased with the deferred fees based on the market price of the Common Shares on the last day of the month in which fees were deferred. If a non-employee director elects to defer at least 5% of his fees, we will make an additional contribution to the

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director's account equal to the sum of (1) 7.5% of the director's fees plus (2) the amount of fees deferred by the director. The non-employee directors are fully vested at all times. Our directors may generally determine when distributions will be made from the plan, but in any event all benefits under the DDC Plan will be distributed no later than January 1, 2017. The amount of the distribution will be a number of Common Shares equal to the number of units at the time of distribution. Distributions are made in Common Shares. As of December 31, 2008, there were 121,226 deferred units outstanding under this plan. Effective December 31, 2008, we suspended the DDC Plan. While the plan is suspended, no new participants may join the plan and no further deferrals of fees or matching contributions will be made under the plan unless and until our Board of Directors determines otherwise.

We established our Foreign Executive Deferred Compensation Stock Ownership Plan for key foreign employees. Under our Foreign Executive Deferred Compensation Stock Ownership Plan ("FEDC Plan"), we contribute 15% of each participant's total salary, bonus and commission compensation each year. The Company's contributions vest over a five-year period on the basis of 20% per year for each year of service. Under the FEDC Plan, our contributions are converted into non-monetary units equal to the number of Common Shares that could have been purchased with the amounts contributed based on the average closing price of the Common Shares for each day of the month in which contributions are made. Distributions are made under the FEDC Plan after a participant retires, becomes disabled or dies or after his employment is terminated, but in any event all benefits under the FEDC Plan will be distributed no later than January 1, 2017. Distributions under the FEDC Plan are made in a number of Common Shares equal to the number of units allocated to the participant's account at the time of distribution. As of December 31, 2008, there were 154,828 deferred units outstanding under this plan.

On February 28, 2002, the Company issued to Shell Technology Ventures Inc. a warrant to purchase up to 12,928,856 Common Shares at a price of \$15.00 per share. The warrant has a nine-year exercisable life beginning one year after the issue date. The warrant holder may exercise the warrant and settlement may occur through physical delivery, net share settlement, net cash settlement or a combination thereof. The net cash settlement option upon exercise is at our sole discretion.

In 2003, our Board of Directors approved a restricted share plan that allows for the grant of up to 15,340,000 of our Common Shares to our key employees and directors. Restricted shares are subject to forfeiture restrictions that generally lapse after a specified period from the date of grant and are subject to earlier vesting in the event of death, retirement or a change in control. As of December 31, 2008, there were 12,763,285 shares granted under this plan, of which 9,049,859 shares are vested. Subsequent to the shareholder approval of our Omnibus Plan in May 2006, awards are no longer made under this plan.

### **Item 13. *Certain Relationships and Related Transactions, and Director Independence***

Pursuant to General Instruction G(3), information on certain relationships and related transactions will be filed in an amendment to this Annual Report on Form 10-K or incorporated by reference from the Company's Definitive Proxy Statement for the annual meeting to be held on May 7, 2009.

### **Item 14. *Principal Accountant Fees and Services***

Pursuant to General Instruction G(3), information on principal accountant fees and services will be filed in an amendment to this Annual Report on Form 10-K or incorporated by reference from the Company's Definitive Proxy Statement for the annual meeting to be held on May 7, 2009.

## **PART IV**

### **Item 15. *Exhibits, Financial Statement Schedules***

(a) The following documents are filed as part of this report or incorporated by reference:

1. The consolidated financial statements of the Company listed on page 39 of this report.
2. The financial statement schedule on page 94 of this report.

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3. The exhibits of the Company listed below under Item 15(b).

(b) *Exhibits:*

<b>Exhibit Number</b>	<b>Description</b>
2.1	Stock Purchase Agreement dated June 6, 2005 by and between Precision Drilling Corporation and Weatherford International Ltd. (incorporated by reference to Exhibit 2.1 to Amendment No. 1 to the Registrant's Current Report on Form 8-K dated June 6, 2005 on Form 8-K/A (File No. 1-31339) filed June 9, 2005).
2.2	Agreement and Plan of Merger dated May 8, 2002, among Weatherford International, Inc., Weatherford Merger, Inc., Weatherford International Ltd. and Weatherford U.S. Holdings LLC (incorporated by reference to Exhibit 2.1 to Amendment No. 1 to the Registration Statement on Form S-4 (Reg. No. 333-85644) filed on May 22, 2002).
2.3	Share Exchange Agreement dated as of December 10, 2008, among Weatherford International, Ltd., a Bermuda exempted company, and Weatherford International Ltd., a Swiss company (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed December 10, 2008).
3.1	Memorandum of Association of Weatherford International Ltd. (incorporated by reference to Annex II to the proxy statement/prospectus included in Amendment No. 1 to the Registration Statement on Form S-4 (Reg. No. 333-85644) filed on May 22, 2002).
3.2	Memorandum of Increase of Share Capital of Weatherford International Ltd. (incorporated by reference to Annex II to the proxy statement/prospectus included in Amendment No. 1 to the Registration Statement on Form S-4 (Reg. No. 333-85644) filed on May 22, 2002).
3.3	Bye-laws of Weatherford International Ltd. (incorporated by reference to Annex III to the proxy statement/prospectus included in Amendment No. 1 to the Registration Statement on Form S-4 (Reg. No. 333-85644) filed on May 22, 2002).
4.1	See Exhibits 3.1, 3.2 and 3.3 for provisions of the Memorandum of Association and Bye-laws of Weatherford International Ltd. defining the rights of holders of common shares.
4.2	Certificate of Assistant Secretary as to the adoption of a resolution increasing authorized share capital (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed May 15, 2006).
4.3	Guarantee, dated as of October 25, 2005, of Weatherford International, Inc. for the benefit of holders of any notes issued by Weatherford International Ltd., from time to time pursuant to the Issuing and Paying Agent Agreement, dated as of October 25, 2005, between Weatherford International Ltd., Weatherford International, Inc. and JPMorgan Chase Bank, National Association (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed October 31, 2005).
4.4	Second Amended and Restated Credit Agreement dated as of May 2, 2006, among Weatherford International Ltd., Weatherford International, Inc., Weatherford Liquidity Management Hungary Limited Liability Company, JPMorgan Chase Bank as Administrative Agent, and the other Lenders party thereto (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed May 5, 2006).
4.5	Notice of Commitment Increase dated as of November 14, 2006, among Weatherford International Ltd., Weatherford International, Inc., Weatherford Liquidity Management Hungary Limited Liability Company, JPMorgan Chase Bank as Administrative Agent, and the other Lenders party thereto (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed November 16, 2006).
4.6	Omnibus Consent and Amendment to Second Amended and Restated Credit Agreement dated January 9, 2009 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed January 15, 2009).
4.7	Credit Agreement, dated March 19, 2008, among Weatherford International Ltd, as borrower, Weatherford International, Inc. as guarantor, and Deutsche Bank AG Cayman Islands Branch as administrative agent, and the other lenders party thereto (incorporated by reference to Exhibit 4.6 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed March 25, 2008).
4.8	Omnibus Consent and Amendment to Credit Agreement dated January 9, 2009 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed January 15, 2009).

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<b>Exhibit Number</b>	<b>Description</b>
4.9	Indenture dated May 17, 1996, between Weatherford Enterra, Inc. and Bank of Montreal Trust Company, as Trustee (incorporated by reference to Exhibit 4.1 to Weatherford Enterra, Inc.'s Current Report on Form 8-K (File No. 1-7867) filed May 31, 1996).
4.10	Third Supplemental Indenture dated November 16, 2001, between Weatherford International, Inc. and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.11 to the Registration Statement on Form S-3 (Reg. No. 333-73770) filed November 20, 2001).
4.11	Fourth Supplemental Indenture dated June 26, 2002, among Weatherford International, Inc., Weatherford International Ltd. and The Bank of New York (as successor in interest to Bank of Montreal Trust Company) (incorporated by reference to Exhibit 4.7 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (File No. 1-13086) filed August 14, 2002).
4.12	Indenture, dated October 1, 2003, among Weatherford International Ltd., Weatherford International, Inc., and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed October 2, 2003).
4.13	Officers' Certificate dated as of February 17, 2006, establishing the series of 5.50% Senior Notes due 2016 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 001-31339) filed February 17, 2006).
4.14	Officer's Certificate, dated August 7, 2006, establishing the series of 6.50% Senior Notes due 2036 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed August 7, 2006).
4.15	First Supplemental Indenture, dated March 25, 2008 among Weatherford International Ltd., Weatherford International, Inc., and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed March 25, 2008).
4.16	Indenture, dated June 18, 2007, among the Weatherford Delaware, as issuer, Weatherford Bermuda, as guarantor, and Deutsche Bank Trust Company Americas, as trustee, (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed on June 18, 2007).
4.17	First Supplemental Indenture, dated June 18, 2007, among the Weatherford Delaware, as issuer, Weatherford Bermuda, as guarantor, and Deutsche Bank Trust Company Americas, as trustee (including forms of notes) (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed on June 18, 2007).
4.18	Second Supplemental Indenture, dated as of January 8, 2009, among Weatherford International Ltd., Weatherford International, Inc., and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed January 8, 2009).
4.19	Form of global note for 5.95% Senior Notes due 2012 (incorporated by reference to Exhibit 4.15 to the Registrant's Registration Statement on Form S-4 (Registration No. 333-146695) filed November 8, 2007).
4.20	Form of global note for 5.15% Senior Notes due 2013 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed March 25, 2008).
4.21	Form of global note for 4.95% Senior Notes due 2013 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed October 7, 2003).
4.22	Form of global note for 5.50% Senior Notes due 2016 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-31339) filed February 17, 2006).
4.23	Form of global note for 6.00% Senior Notes due 2018 (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed March 25, 2008).
4.24	Form of global note for 9.625% Senior Notes due 2019 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed January 8, 2009).
4.25	Form of \$500,000 Global note for 6.50% Senior Notes due 2036 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed August 7, 2006).
4.26	Form of \$100,000 Global note for 6.50% Senior Notes due 2036 (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed August 7, 2006).
4.27	Form of global note for 6.80% Senior Notes due 2037 (incorporated by reference to Exhibit 4.17 to the Registrant's Registration Statement on Form S-4 (Registration No. 333-146695) filed November 8, 2007).
4.28	Form of global note for 7.00% Senior Notes due 2038 (incorporated by reference to Exhibit 4.4 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed March 25, 2008).

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<b>Exhibit Number</b>	<b>Description</b>
4.29	Form of global note for 9.875% Senior Notes due 2039 (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed January 8, 2009).
4.30	Amended and Restated Warrant Agreement, dated effective as of July 12, 2006, by and among Weatherford International, Ltd., Weatherford International, Inc. and Shell Technology Ventures, Inc. (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed July 14, 2006).
10.1	Issuing and Paying Agent Agreement, dated as of October 25, 2005, among Weatherford International Ltd., Weatherford International, Inc. and JPMorgan Chase Bank, National Association (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed October 31, 2005).
10.2	Commercial Paper Dealer Agreement, dated as of October 25, 2005, among Weatherford International Ltd., Weatherford International, Inc. and J.P. Morgan Securities Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed October 31, 2005).
10.3	Commercial Paper Dealer Agreement, dated as of October 25, 2005, among Weatherford International Ltd., Weatherford International, Inc. and Goldman, Sachs & Co. (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed October 31, 2005).
10.4	Commercial Paper Dealer Agreement, dated as of October 25, 2005, among Weatherford International Ltd., Weatherford International, Inc. and Merrill Lynch Money Markets Inc. (for notes with maturities up to 270 days) and Merrill Lynch, Pierce, Fenner & Smith Incorporated, (for notes with maturities over 270 days up to 397 days) (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed October 31, 2005).
*10.5	Weatherford International Ltd. Restricted Share Plan, including form of agreement for officers and non-officers (incorporated by reference to Exhibit 10.2 to Amendment No. 1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 on Form 10-Q/A (File No. 1-31339) filed September 15, 2004).
*10.6	Trust under Weatherford International Ltd. Nonqualified Executive Retirement Plan dated March 23, 2004 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 (File No. 1-31339) filed May 6, 2004).
*10.7	Amended and Restated Non-Employee Director Stock Option Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995 (File No. 1-13086) filed August 12, 1995).
*10.8	General Amendment of Employee Stock Option Programs of Weatherford International, Inc. dated May 9, 2003 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 (File No. 1-31339) filed August 14, 2003).
*10.9	General Amendment of Director's Stock Option Plans and Agreements dated May 9, 2003 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 (File No. 1-31339) filed August 14, 2003).
*10.10	Weatherford International, Inc. 1998 Employee Stock Option Plan, as amended, including form of agreement for officers (incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 1-13086) filed March 24, 2004).
*10.11	Amendment to Stock Option Programs (incorporated by reference to Exhibit 4.19 to the Registrant's Registration Statement on Form S-8 (Reg. No. 333-36598) filed May 19, 2000).
*10.12	Indemnification Agreement, dated as of September 29, 2005, between Weatherford International Ltd. and Andrew P. Becnel (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed October 5, 2005).
*10.13	Indemnification Agreements with Robert K. Moses, Jr. (incorporated by reference to Exhibit 10.10 to Weatherford Enterra, Inc.'s Annual Report on Form 10-K for the year ended December 31, 1987 (File No. 1-7867)); and William E. Macaulay (incorporated by reference to Exhibit 10.2 to Weatherford Enterra, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 1995 (File No. 1-7867)).
*10.14	Indemnification Agreements with each of Bernard J. Duroc-Danner, Burt M. Martin, Stuart E. Ferguson, David J. Butters, Robert A. Rayne, Robert K. Moses, Jr., Robert B. Millard, and William E. Macaulay (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002 (File No. 1-13086) filed November 13, 2002).

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<b>Exhibit Number</b>	<b>Description</b>
*10.15	Form of Stock Option Agreement for Non-Employee Directors dated September 8, 1998 (incorporated by reference to Exhibit 10.23 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998 (File No. 1-13086) filed March 31, 1999).
*10.16	Form of Amendment to Stock Option Agreements dated September 8, 1998 for Non-Employee Directors (incorporated by reference to Exhibit 4.17 to the Registration Statement on Form S-8 (Reg. No. 333-36598) filed May 9, 2000).
*10.17	Form of Stock Option Agreement for Non-employee Directors dated July 5, 2000 (incorporated by reference to Exhibit 4.16 to the Registration Statement on Form S-8 (Reg. No. 333-48322) filed October 20, 2000).
*10.18	Form of Stock Option Agreement for Non-employee Directors dated September 26, 2001 (incorporated by reference to Exhibit 4.19 to the Registration Statement on Form S-8 (Reg. No. 333-81678) filed January 30, 2002).
*10.19	Assumption and General Amendment of Directors' Stock Option and Benefit Programs and General Amendment of Employee Stock Option and Benefit Programs of Weatherford International, Inc. dated June 26, 2002 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (File No. 1-13086) filed August 14, 2002).
*10.20	Indemnification Agreement dated October 27, 2006, between Weatherford International Ltd. and Jessica Abarca (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed October 27, 2006).
*10.21	Form of Restricted Share Unit Award Agreement for Officers pursuant to Weatherford International Ltd. 2006 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.45 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 1-31339) filed February 23, 2007).
*10.22	Form of Stock Option Award Agreement for Officers pursuant to Weatherford International Ltd. 2006 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.46 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 1-31339) filed February 23, 2007).
*10.23	Form of Restricted Share Award Agreement for Non-employee Directors pursuant to Weatherford International Ltd. 2006 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.47 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 1-31339) filed February 23, 2007).
*10.24	Form of Restricted Share Award Agreement for Officers pursuant to Weatherford International Ltd. 2006 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.48 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 1-31339) filed February 23, 2007).
*10.25	Form of Stock Option Award Agreement for Non-Employee Directors pursuant to Weatherford International Ltd. 2006 Omnibus Plan (incorporated by reference to Exhibit 10.49 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 1-31339) filed February 23, 2007).
*10.26	Indemnification Agreement, dated as of June 11, 2007, between Weatherford International Ltd. and Keith R. Morley (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed June 11, 2007).
*10.27	Amended and Restated Employment Agreements dated December 31, 2008, between Weatherford International Ltd. and each of Jessica Abarca, Andrew P. Becnel, M. David Colley, Bernard J. Duroc-Danner, Stuart E. Ferguson, Burt M. Martin and Keith R. Morley (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed December 31, 2008).
*10.28	Employment Agreements effective as of January 1, 2009, between Weatherford International, Inc. and each of Jessica Abarca, Andrew P. Becnel, M. David Colley, Bernard J. Duroc-Danner, Stuart E. Ferguson, Burt M. Martin and Keith R. Morley (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed December 31, 2008).
*10.29	Weatherford International, Inc. Executive Deferred Compensation Stock Ownership Plan, as amended and restated as of December 31, 2008 (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed December 31, 2008).
*10.30	Weatherford International, Inc. Foreign Executive Deferred Compensation Stock Plan, as amended and restated as of December 31, 2008 (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed December 31, 2008).

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<u>Exhibit Number</u>	<u>Description</u>
*10.31	Weatherford International Ltd. Non-Employee Director Deferred Compensation, as amended and restated as of December 31, 2008 (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed December 31, 2008).
*10.32	Weatherford International Ltd. Non-Employee Director Retirement Plan, as amended and restated as of December 31, 2008 (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed December 31, 2008).
*10.33	Weatherford Management Incentive Plan, including Form of Award Letter, as amended and restated as of December 31, 2008 (incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed December 31, 2008).
*10.34	Amended and Restated Weatherford International Ltd. Nonqualified Executive Retirement Plan (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed December 31, 2008).
*10.35	Weatherford International, Inc. Supplemental Retirement Plan (incorporated by reference to Exhibit 10.9 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed December 31, 2008).
*10.36	Weatherford International Ltd. 2006 Omnibus Incentive Plan, as amended (incorporated by reference to Exhibit 10.10 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed December 31, 2008).
*10.37	Amendment to Weatherford International, Inc. 1998 Employee Stock Option Plan (incorporated by reference to Exhibit 10.11 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed December 31, 2008).
*10.38	Amendment to Weatherford International Ltd. Non-Employee Director Stock Option Agreements (incorporated by reference to Exhibit 10.12 to the Registrant's Current Report on Form 8-K (File No. 1-31339) filed December 31, 2008).
†*10.39	Amended and Restated Employment Agreement, dated December 31, 2008, between Weatherford International Ltd. and Carel W. Hoyer.
†*10.40	Employment Agreement, dated February 2, 2009, between Weatherford International, Inc. and Carel W. Hoyer.
†*10.41	Indemnification Agreement, dated as of February 9, 2009, between Weatherford International Ltd. and Carel W. Hoyer.
†*10.42	Indemnification Agreement, dated as of February 9, 2009, between Weatherford International, Inc. and Carel W. Hoyer.
†*10.43	Amended and Restated Employment Agreement, dated December 31, 2008 between Weatherford International Ltd. and James M. Hudgins.
†*10.44	Employment Agreement, dated February 9, 2009, between Weatherford International, Inc. and James M. Hudgins.
†*10.45	Indemnification Agreement, dated as of September 4, 2002, between Weatherford International Ltd. and James M. Hudgins.
†*10.46	Indemnification Agreement, dated as of September 4, 2002, between Weatherford International, Inc. and James M. Hudgins.
†21.1	Subsidiaries of Weatherford International Ltd.
†23.1	Consent of Ernst & Young LLP.
†31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
†31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
†32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
†32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

\* Management contract or compensatory plan or arrangement.

† Filed herewith.

As permitted by Item 601(b)(4)(iii)(A) of Regulation S-K, the Company has not filed with this Annual Report on Form 10-K certain instruments defining the rights of holders of long-term debt of the Company and its subsidiaries because the total amount of securities authorized under any of such instruments does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish a copy of any of such instruments to the Securities and Exchange Commission upon request.

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We agree to furnish to any requesting stockholder a copy of any of the above named exhibits upon the payment of our reasonable expenses of obtaining, duplicating and mailing the requested exhibits. All requests for copies of exhibits should be made in writing to our U.S. Investor Relations Department at 515 Post Oak Blvd., Houston, TX 77027.

(c) *Financial Statement Schedules*

1. Valuation and qualifying accounts and allowances.

**SCHEDULE II  
WEATHERFORD INTERNATIONAL LTD. AND SUBSIDIARIES**

VALUATION AND QUALIFYING ACCOUNTS AND ALLOWANCES FOR THE THREE YEARS ENDED DECEMBER 31, 2008

Description	Balance at Beginning of Period	Additions			Balance at End of Period
		Charged to Costs and Expenses	Collections (In thousands)	Deductions	
<b>Year Ended December 31, 2008:</b>					
Allowance for uncollectible accounts receivable	\$ 13,760	\$ 5,970	\$ 4,975	\$ (8,280)	\$ 16,425
<b>Year Ended December 31, 2007:</b>					
Allowance for uncollectible accounts receivable	13,452	6,984	523	(7,199)	13,760
<b>Year Ended December 31, 2006:</b>					
Allowance for uncollectible accounts receivable	12,210	6,242	881	(5,881)	13,452

All other schedules are omitted because they are not required or because the information is included in the financial statements or the related notes.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on February 24, 2009.

WEATHERFORD INTERNATIONAL LTD.

By: /s/ Bernard J. Duroc-Danner  
Bernard J. Duroc-Danner  
President, Chief Executive Officer,  
Chairman of the Board and Director  
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ Bernard J. Duroc-Danner Bernard J. Duroc-Danner	President, Chief Executive Officer, Chairman of the Board and Director (Principal Executive Officer)	February 24, 2009
/s/ Andrew P. Becnel Andrew P. Becnel	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 24, 2009
/s/ Jessica Abarca Jessica Abarca	Vice President — Accounting and Chief Accounting Officer (Principal Accounting Officer)	February 24, 2009
/s/ Nicholas F. Brady Nicholas F. Brady	Director	February 24, 2009
/s/ David J. Butters David J. Butters	Director	February 24, 2009
/s/ William E. Macaulay William E. Macaulay	Director	February 24, 2009
/s/ Robert B. Millard Robert B. Millard	Director	February 24, 2009
/s/ Robert K. Moses, Jr. Robert K. Moses, Jr.	Director	February 24, 2009
/s/ Robert A. Rayne Robert A. Rayne	Director	February 24, 2009

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (this "Agreement") is entered into as of December 31, 2008, by and between Weatherford International Ltd., a Bermuda exempted company (the "Company"), and Carel W. Hoyer (the "Executive").

WITNESSETH:

WHEREAS, the Board has previously determined that it is in the best interests of the Company and its shareholders to retain the Executive and to induce the employment of the Executive for the long-term benefit of the Company;

WHEREAS, the Company desires to employ the Executive on the terms set forth below to provide services to the Company and its affiliated companies, and the Executive is willing to accept such employment and provide such services on the terms set forth in this Agreement;

WHEREAS, the Company and the Executive previously entered into a change of control agreement (the "Employment Agreement") dated and effective as of May 24, 2007 ("the Effective Date");

WHEREAS, the Company and the Executive desire to amend and restate the Employment Agreement as set forth in this Agreement to comply with Section 409A of the Internal Revenue Code of 1986, as amended and the final Department of Treasury regulations issued thereunder; and

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the parties hereto do hereby agree that effective as of December 31, 2008 the Employment Agreement is hereby amended and restated to provide as follows:

1. Certain Definitions.

- (a) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.
- (b) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act
- (c) "Board" shall mean the Board of Directors of the Company.
- (d) "Cause" shall mean:

(i) the willful and continued failure of the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 4(c)), after a written demand for substantial performance is delivered to the Executive by the Board which specifically

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identifies the manner in which the Executive has not substantially performed the Executive's duties, or

(ii) the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

No act, or failure to act, on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or of a more senior officer of the Company or based upon the advice of counsel for the Company (which may be the General Counsel or other counsel employed by the Company or its subsidiaries) shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive, and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(e) "Change of Control" shall be deemed to have occurred if any event set forth in any one of the following paragraphs shall have occurred:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of twenty percent (20%) or more of either (A) the then outstanding common shares of the Company (the "Outstanding Company Common Shares") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"), excluding any Person who becomes such a Beneficial Owner in connection with a transaction that complies with clauses (A), (B) and (C) of paragraph (iii) below;

(ii) individuals, who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds (2/3) of the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or any other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) the consummation of a reorganization, merger, amalgamation, consolidation, scheme of arrangement, exchange offer or similar transaction of the Company or any of its subsidiaries or the sale, transfer or other disposition of all or substantially all of the

Company's Assets (any of which a "Corporate Transaction"), unless, following such Corporate Transaction or series of related Corporate Transactions, as the case may be, (A) all of the individuals and entities (which, for purposes of this Agreement, shall include, without limitation, any corporation, partnership, association, joint-stock company, limited liability company, trust, unincorporated organization or other business entity) who were the beneficial owners, respectively, of the Outstanding Company Common Shares and Outstanding Company Voting Securities immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than sixty-six and two-thirds percent (66-2/3%) of, respectively, the then outstanding common shares and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or other governing body), as the case may be, of the entity resulting from such Corporate Transaction (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's Assets either directly or through one (1) or more subsidiaries or entities) in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Company Common Shares and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any entity resulting from such Corporate Transaction or any employee benefit plan (or related trust) of the Company or such entity resulting from such Corporate Transaction) beneficially owns, directly or indirectly, twenty percent (20%) or more of, respectively, the then outstanding shares of common stock of the entity resulting from such Corporate Transaction or the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership existed prior to the Corporate Transaction and (C) at least two-thirds (2/3) of the members of the board of directors (or other governing body) of the entity resulting from such Corporate Transaction were members of the Incumbent Board at the time of the approval of such Corporate Transaction; or

(iv) Approval or adoption by the Board of Directors or the shareholders of the Company of a plan or proposal which could result directly or indirectly in the liquidation, transfer, sale or other disposal of all or substantially all of the Company's Assets or the dissolution of the Company.

(f) "Company" shall mean Weatherford International Ltd. or any successor to Weatherford International Ltd., including but not limited to any Entity into which Weatherford International Ltd. is merged, consolidated or amalgamated, or any Entity otherwise resulting from a Corporate Transaction.

(g) "Company's Assets" shall mean the assets (of any kind) owned by the Company, including, without limitation, the securities of the Company's Subsidiaries and any of the assets owned by the Company's Subsidiaries.

(h) "Disability" shall mean the absence of the Executive from performance of the Executive's duties with the Company on a substantial basis for one hundred twenty (120) calendar days as a result of incapacity due to mental or physical illness.

(i) "Employment Period" shall mean the period commencing on the Effective Date and ending on the third anniversary of the Effective Date; provided, however, that commencing on the date one year after the Effective Date, and on each annual anniversary of such date (such

date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Employment Period shall be automatically extended so as to terminate three (3) years after such Renewal Date, unless at least sixty (60) days prior to the Renewal Date the Company shall give notice to the Executive that the Employment Period shall not be so extended.

(j) "Entity" shall mean means any corporation, partnership, association, joint-stock company, limited liability company, trust, unincorporated organization or other business entity.

(k) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(l) "Good Reason" shall mean the occurrence of any of the following:

(i) the assignment to the Executive of any position, authority, duties or responsibilities that are not materially consistent with the Executive's position (including status, offices and titles), authority, duties or responsibilities as contemplated by Section 3(a) of this Agreement, or any other action by the Company or any Subsidiary which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose any action not taken in bad faith and which is remedied by the Company after receipt of notice thereof given by the Executive;

(ii) any failure by the Company or any Subsidiary to comply with any of the provisions of this Agreement (including, without limitation, its obligations under Section 3(a)) or any other agreements between the Executive and the Company or any Subsidiary, other than any failure not occurring in bad faith and which is remedied by the Company, or a Subsidiary, as appropriate, after receipt of notice thereof given by the Executive;

(iii) any failure by the Company or any Subsidiary to continue to provide the Executive with benefits currently or previously enjoyed by the Executive under any of the Company's or any Subsidiary's compensation, bonus, retirement, pension, savings, life insurance, medical, health and accident, or disability plans, or the taking of any other action by the Company which would directly or indirectly reduce any of such benefits or deprive the Executive of any fringe benefits or perquisites currently enjoyed by the Executive;

(iv) the Company's requiring the Executive to be based at any office or location other than as provided in Section 3(a)(i) hereof or the Company's requiring the Executive to travel to a substantially greater extent than required immediately prior to the date hereof;

(v) any purported termination by the Company of the Executive's employment;

(vi) any failure by the Company to comply with and satisfy Section 9(b) of this Agreement;

(vii) failure of the Company (including any successor) to agree, execute and enter into a new employment agreement and a new executive retirement plan with the Executive

prior to the termination or expiration of this Agreement, with such employment agreement and executive retirement plan having the same terms and conditions as existed in agreements and plans between the Company and the Executive prior to December 30, 2008, and incorporating such terms and conditions that are more favorable to the Executive from all agreements and retirement plans existing on January 1, 2009; or

(viii) in connection with, as a result of, or following a Change of Control, the giving of notice to the Executive that the Employment Period shall not be extended.

In the event of a Change of Control or other Corporate Transaction in which the Company's common shares may cease to be publicly traded, following the Change of Control or the consummation of such other Corporate Transaction, "Good Reason" shall be deemed to exist upon the occurrence of any of the events listed in clauses (i) through (vii) above and also in the event Executive is assigned to any position (including status, offices, titles and reporting requirements), authority, duties or responsibilities that are (A) not at or with the publicly-traded ultimate parent company of the successor to the Company or the corporation or other Entity surviving or resulting from such Corporate Transaction or (B) inconsistent with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a).

For purposes of this Agreement, any good faith determination of "Good Reason" made by the Executive shall be conclusive.

(m) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering by the Company of such securities, or (iv) a corporation or other entity owned, directly or indirectly, by the shareholders of the Company in the same proportions as their ownership of common shares of the Company.

(n) "Section 409A" means Section 409A of the Internal Revenue Code of 1986, as amended and the final Department of Treasury regulations issued thereunder.

(o) "Section 409A Amounts" means those amounts that are deferred compensation subject to Section 409A.

(p) "Separation From Service" shall have the meaning ascribed to such term in Section 409A.

2. Employment Period. The Company hereby agrees that the Company will continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement during the Employment Period. During the Employment Period, the Executive may be seconded to the employment of Weatherford U.S., L.P. (or such other affiliated entity) (the "Seconded Affiliate Company"), but without prejudice to the Company's obligations or the Executive's rights under this Agreement. The Executive shall carry out his/her duties as if they were duties to be performed on behalf of

the Company. Each Seconded Affiliate Company shall be subject to all of the obligations and agreements of the Company under this Agreement and the Company shall be responsible for actions and inactions of the Seconded Affiliate Company. Any breach or failure to abide by the terms and conditions of this Agreement by a Seconded Affiliate Company shall be deemed to constitute a breach or failure to abide by the Company.

### 3. Terms of Employment.

#### (a) Position and Duties.

(i) During the Employment Period, the Executive's position (including status, offices, titles, authority, duties and responsibilities) shall be Group Vice President — Drilling Hazard Mitigation of the Company.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities in clause (A), (B), and (C) together do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that such activities have been conducted by the Executive prior to the date hereof, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the date hereof shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

#### (b) Compensation.

(i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary equal to the current base salary being received by the Executive ("Annual Base Salary"), which shall be paid at a monthly rate. During the Employment Period, the Annual Base Salary shall be reviewed no more than twelve (12) months after the last salary increase awarded to the Executive prior to the date hereof and thereafter at least annually; provided, however, that a salary increase shall not necessarily be awarded as a result of such review. Any increase in Annual Base Salary may not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase. The term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased.

(ii) Annual Bonus. The Executive shall be eligible for an annual bonus for each fiscal year ending during the Employment Period on the same basis as other executive officers under the Company's executive officer annual incentive program. Each such Annual

Bonus shall be paid no later than 2-1/2 months after the fiscal year for which the Annual Bonus is awarded.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to all executive officers of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect on the date hereof. As used in this Agreement, the term "affiliated companies" shall include any company controlled by, controlling or under common control with the Company.

(iv) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible to participate in and shall receive all benefits under welfare benefit and retirement plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to all executive officers of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under than such plans, practices, policies and programs of the Company and its affiliated companies in effect for the Executive on the date hereof.

(v) Fringe Benefits. During the Employment Period, the Executive shall be entitled to (A) a monthly car allowance and (B) such other fringe benefits (including, without limitation, payment of club dues, financial planning services, cellular telephone, mobile email, annual physical examinations, payment of professional fees and professional taxes and payment of related expenses, as appropriate) in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive on the date hereof. Notwithstanding the foregoing, effective December 31, 2008, no amounts shall be payable under this Section 3(b)(v) to the extent that such amounts are Section 409A Amounts.

(vi) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its affiliated companies in effect for the Executive on the date hereof. Notwithstanding the foregoing, effective December 31, 2008, no amounts shall be payable under this Section 3(b)(vi) to the extent that such amounts are Section 409A Amounts.

(vii) Vacation. During the Employment Period, the Executive shall be entitled to at least three (3) weeks paid vacation or such greater amount of paid vacation as may be applicable to the executive officers of the Company and its affiliated companies.

(viii) Deferred Compensation Plan. During the Employment Period, the Executive shall be entitled to continue to participate in any deferred compensation or similar plans in which executive officers of the Company and its affiliated companies participate.

#### 4. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period, it may provide the Executive with written notice in accordance with Section 10(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective thirty (30) days after receipt of such notice by the Executive (the "Disability Effective Date"), provided that within the thirty (30)-day period after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. In addition, if a physician selected by the Executive determines that the Disability of the Executive has occurred, the Executive (or his representative) may provide the Company with written notice in accordance with Section 10(b) of this Agreement of the Executive's intention to terminate his employment. In such event, the Disability Effective Date shall be thirty (30) days after receipt of such notice by the Company.

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause.

(c) Good Reason. The Executive's employment may be terminated by the Executive at any time during the Employment Period for Good Reason.

(d) Notice of Termination. Any termination during the Employment Period by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 10(b) of the Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date, in the case of a notice by the Company, shall be not more than 30 days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" shall mean:

(i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be;

(ii) if the Executive's employment is terminated by the Company other than for Cause, the Date of Termination shall be the date on which the Executive receives notice of such termination; and

(iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

#### 5. Obligations of the Company Upon Termination.

(a) Benefit Obligation and Accrued Obligation Defined. For purposes of this Agreement, Benefit Obligation shall mean all benefits to which the Executive (or his designated beneficiary or legal representative, as applicable) is entitled or vested (or becomes entitled or vested as a result of termination) under the terms of all employee benefit and compensation plans, agreements and arrangements (collectively, "Benefit Plans") in which the Executive is a participant as of the Date of Termination. Accrued Obligation means the sum of (1) the Executive's Annual Base Salary through the Date of Termination for periods through but not following his Separation From Service and (2) any accrued vacation pay earned by the Executive, in each case, to the extent not theretofore paid.

(b) Death, Disability, Good Reason or Other than For Cause. If, during the Employment Period, the Executive's employment is terminated by reason of the Executive's death or Disability, by the Company for any reason other than for Cause or by the Executive for Good Reason:

(i) The Company shall pay to the Executive (or Executive's heirs, beneficiaries or representatives as applicable) in a lump sum in cash within thirty (30) days after the Date of Termination the Accrued Obligation; and

(ii) The Company shall pay or cause the Executive to be paid the Benefit Obligation at the times specified in and in accordance with the terms of the applicable Benefit Plans.

(c) Cause. If the Executive's employment is terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than the obligation to pay to the Executive (x) the Accrued Obligation and (y) the Benefit Obligation in accordance with the terms of the applicable Benefit Plans.

(d) Termination by Executive Other Than for Good Reason. If the Executive voluntarily terminates his employment during the Employment Period for any reason other than for Good Reason, the Executive's employment shall terminate without further obligations to the Executive, other than for payment of the Accrued Obligation and the Benefit Obligation and the rights provided in Section 6. In such case, the Accrued Obligation shall be paid to the Executive in a lump sum in cash within thirty (30) days after the Date of Termination and the Benefit Obligation shall be paid in accordance with the terms of the applicable Benefit Plans.

## 6. Other Rights.

(a) Except as provided herein, nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Except as otherwise provided herein, amounts which are vested benefits, which vest according to the terms of this Agreement or which the Executive is otherwise entitled to receive under any of the Benefit Plans or any other plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement.

## 7. Full Settlement.

(a) No Rights of Offset. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others.

(b) No Mitigation Required. The Company agrees that, if the Executive's employment with the Company terminates, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to this Agreement. Further, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

8. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies, provided that it shall not apply to information which is or shall become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement), information that is developed by the Executive independently of such information, or knowledge or data or information that is disclosed to the Executive by a third party under no obligation of confidentiality to the Company. After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provision of this Section 8 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

9. Successors.

(a) This Agreement is personal to the Executive and shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(b) In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, amalgamation, scheme of arrangement, exchange offer, operation of law or otherwise (including any purchase, merger, amalgamation, Corporate Transaction or other transaction involving the Company or any subsidiary or Affiliate of the Company), to all or substantially all of the Company's business and/or Company's Assets to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after a Change of Control, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as provided above.

10. Miscellaneous.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO PRINCIPLES OF CONFLICT OF LAWS. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Carel W. Hoyer  
515 Post Oak Boulevard  
Houston, Texas 77027

If to the Company:

Weatherford International Ltd.  
515 Post Oak Boulevard  
Houston, Texas 77027  
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right to the Executive or the Company may have hereunder, including without limitation, the right of the Executive to terminate employment for Good Reason shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) This Agreement constitutes the entire agreement and understanding between the parties relating to the subject matter hereof and supersedes all prior agreements between the parties relating to the subject matter hereof, including, without limitation, the Prior Agreements.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name and on its behalf, all as of the day and year first above written.

/s/ CAREL W. HOYER

Carel W. Hoyer

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WEATHERFORD INTERNATIONAL LTD.

By:

/s/ BERNARD J. DUROC-DANNER

Bernard J. Duroc-Danner  
Chairman, President & Chief Executive Officer

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EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is entered into as of February 9, 2009 (the "Effective Date"), by and between Weatherford International, Inc., a Delaware corporation (the "Company"), and Carel W. Hoyer (the "Executive").

WITNESSETH:

WHEREAS, the Company has determined that it is in the interest of the Company and the shareholders of Weatherford International Ltd. for the Company to commit to provide certain severance benefits to the Executive in the event of his termination of employment under certain conditions;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the parties hereto do hereby agree:

I. Certain Definitions.

(a) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.

(b) "Annual Base Salary" shall have the meaning specified in the Employment Agreement.

(c) "Annual Bonus" shall mean the Executive's annual bonus under the annual incentive plan of the Company and any of its Affiliates.

(d) "Annual Bonus Amount" shall mean the sum of (a) the amount of the Annual Bonus, if any, paid or provided in any form (whether in cash, securities or any combination thereof) by the Company or any of its Affiliates to or for the benefit of the Executive for services rendered or labor performed during a fiscal year of the Company and (b) the amount of the discretionary bonus or other bonus paid outside of the Company's annual incentive plan, if any, paid or provided in any form (whether in cash, securities or any combination thereof) by the Company or any of its Affiliates to or for the benefit of the Employee (it being understood that if multiple bonuses are paid for any given year, or if a bonus is made in multiple installments for a year, all such bonuses or installments shall be aggregated as a single payment for that year in determining the Annual Bonus Amount). The Executive's Annual Bonus Amount shall be determined by including any portion thereof that the Executive could have received in cash or securities in lieu of (i) any elective deferrals made by the Executive pursuant to all nonqualified deferred compensation plans or (ii) elective contributions made on the Executive's behalf by the Company pursuant to a qualified cash or deferred arrangement (as defined in section 401(k) of the Code) or pursuant to a plan maintained under section 125 of the Code.

(e) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

(f) "Board" shall mean the Board of Directors of the Parent.

(g) "Cause" shall mean:

(i) the willful and continued failure of the Executive to substantially perform the Executive's duties with the Parent or the Company (other than any such failure resulting from incapacity due to physical or mental illness or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 4(d) of the Employment Agreement), after a written

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demand for substantial performance is delivered to the Executive by the Board which specifically identifies the manner in which the Executive has not substantially performed the Executive's duties, or

(ii) the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Parent or the Company.

No act, or failure to act, on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Parent or the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or of a more senior officer of the Company or based upon the advice of counsel for the Parent (which may be the General Counsel or other counsel employed by the Parent or its subsidiaries) shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Parent or the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive, and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(h) "Change of Control" shall be deemed to have occurred if any event set forth in any one of the following paragraphs shall have occurred:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of twenty percent (20%) or more of either (A) the then outstanding common shares of the Parent (the "Outstanding Parent Common Shares") or (B) the combined voting power of the then outstanding voting securities of the Parent entitled to vote generally in the election of directors (the "Outstanding Parent Voting Securities"), excluding any Person who becomes such a Beneficial Owner in connection with a transaction that complies with clauses (A), (B) and (C) of paragraph (iii) below;

(ii) individuals, who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Parent's shareholders, was approved by a vote of at least two-thirds (2/3) of the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or any other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) the consummation of a reorganization, merger, amalgamation, consolidation, scheme of arrangement, exchange offer or similar transaction of the Parent or any of its subsidiaries or the sale, transfer or other disposition of all or substantially all of the Parent's Assets (any of which a "Corporate Transaction"), unless, following such Corporate Transaction or series of related Corporate Transactions, as the case may be, (A) all of the individuals and entities (which, for purposes of this Agreement, shall include, without limitation, any corporation, partnership, association, joint-stock company, limited liability company, trust, unincorporated organization or other business entity) who were the beneficial owners, respectively, of the Outstanding Parent Common Shares and Outstanding Parent Voting Securities immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than sixty-six and two-thirds percent (66-2/3%) of, respectively, the then outstanding

common shares and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or other governing body), as the case may be, of the entity resulting from such Corporate Transaction (including, without limitation, an entity which as a result of such transaction owns the Parent or all or substantially all of the Parent's Assets either directly or through one (1) or more subsidiaries or entities) in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Parent Common Shares and the Outstanding Parent Voting Securities, as the case may be, (B) no Person (excluding any entity resulting from such Corporate Transaction or any employee benefit plan (or related trust) of the Parent or such entity resulting from such Corporate Transaction) beneficially owns, directly or indirectly, twenty percent (20%) or more of, respectively, the then outstanding shares of common stock of the entity resulting from such Corporate Transaction or the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership existed prior to the Corporate Transaction and (C) at least two-thirds (2/3) of the members of the board of directors (or other governing body) of the entity resulting from such Corporate Transaction were members of the Incumbent Board at the time of the approval of such Corporate Transaction; or

(iv) Approval or adoption by the Board of Directors or the shareholders of the Parent of a plan or proposal which could result directly or indirectly in the liquidation, transfer, sale or other disposal of all or substantially all of the Parent's Assets or the dissolution of the Parent.

(i) "Disability" shall mean the absence of the Executive from performance of the Executive's duties with the Parent on a substantial basis for one hundred twenty (120) calendar days as a result of incapacity due to mental or physical illness.

(j) "Employment Agreement" shall mean the Executive's employment agreement with the Parent, as it may be amended from time to time.

(k) "Employment Period" shall have the meaning specified in the Employment Agreement.

(l) "Entity" shall mean means any corporation, partnership, association, joint-stock company, limited liability company, trust, unincorporated organization or other business entity.

(m) "ERP" shall mean the Weatherford International Ltd. Nonqualified Executive Retirement Plan, as it may be amended from time to time.

(n) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(o) "Good Reason" shall mean the occurrence of any of the following:

(i) the assignment to the Executive of any position, authority, duties or responsibilities that are not materially consistent with the Executive's position (including status, offices and titles), authority, duties or responsibilities as contemplated by Section 3(a) of the Employment Agreement, or any other action by the Parent or the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose any not taken in bad faith and which is remedied by the Parent or the Company after receipt of notice thereof given by the Executive;

(ii) any failure by the Parent or the Company to comply with any of the provisions of this Agreement or the Employment Agreement (including, without limitation, its obligations under Section 3(a) of the Employment Agreement), other than any failure not occurring in bad faith and which is remedied by the Parent or the Company after receipt of notice thereof given by the Executive;

(iii) any failure by the Parent or the Company to continue to provide the Executive with benefits currently enjoyed by the Executive under any of the Parent's and the Company's compensation, bonus, retirement, pension, savings, life insurance, medical, health and accident, or disability plans, or the taking of any other action by the Parent or the Company which would directly or indirectly reduce any of such benefits or deprive the Executive of any fringe benefits or perquisites currently enjoyed by the Executive;

(iv) the Parent's or the Company's requiring the Executive to be based at any office or location other than as provided in Section 3(a)(i) of the Employment Agreement or the Parent's or the Company's requiring the Executive to travel on business to a substantially greater extent than required immediately prior to the date hereof;

(v) any purported termination by the Parent or the Company of the Executive's employment (including, without limitation, any secondment of the Executive without the Executive's prior express agreement in writing);

(vi) any failure by the Parent to comply with and satisfy Section 10(b) of the Employment Agreement; or

(vii) in connection with, as a result of or following a Change of Control, the giving of notice to the Executive that the Employment Period shall not be extended.

In the event of a Change of Control or other Corporate Transaction in which the Parent's common shares may cease to be publicly traded, following the Change of Control or the consummation of such other Corporate Transaction, "Good Reason" shall be deemed to exist upon the occurrence of any of the events listed in clauses (i) through (vii) above and also in the event Executive is assigned to any position (including status, offices, titles and reporting requirements), authority, duties or responsibilities that are (A) not at or with the publicly-traded ultimate parent company of the successor to the Parent or the corporation or other entity surviving or resulting from such Corporate Transaction or (B) inconsistent with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a) of the Employment Agreement.

For purposes of this Agreement, any good faith determination of "Good Reason" made by the Executive shall be conclusive.

(p) "IRS" shall mean the Internal Revenue Service.

(q) "Parent" shall mean Weatherford International Ltd. or any successor to Weatherford International Ltd., including but not limited to any Entity into which Weatherford International Ltd. is merged, consolidated or amalgamated, or any Entity otherwise resulting from a Corporate Transaction.

(r) "Parent's Assets" shall mean the assets (of any kind) owned by the Parent, including, without limitation, the securities of the Parent's Subsidiaries and any of the assets owned by the Parent's Subsidiaries.

(s) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Parent or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Parent or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering by the Parent of such securities, or (iv) a corporation or other entity owned,

directly or indirectly, by the shareholders of the Parent in the same proportions as their ownership of common shares of the Parent.

(t) "Section 409A" shall mean section 409A of the Internal Revenue Code of 1986, as amended and the final Department of Treasury regulations issued thereunder.

(u) "Separation From Service" shall have the meaning ascribed to such term in Section 409A.

(v) "Specified Employee" shall have the meaning ascribed to such term in Section 409A.

(w) "SRP" shall mean the Weatherford International, Inc. Supplemental Retirement Plan, as it may be amended from time to time.

(x) "Subsidiary" shall mean any majority-owned subsidiary of the Parent or any majority-owned subsidiary thereof, or any other Entity in which the Parent owns, directly or indirectly, a significant financial interest provided that the Chief Executive Officer of the Parent designates such Entity to be a Subsidiary for the purposes of this Agreement.

(y) "Term of the Agreement" shall mean the period commencing on February 9, 2009 and ending on December 31, 2009.

## 2. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Parent determines in good faith that the Disability of the Executive has occurred during the Employment Period, it may provide the Executive with written notice in accordance with the Employment Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Parent shall terminate effective thirty (30) days after receipt of such notice by the Executive (the "Disability Effective Date"), provided that within the thirty (30)-day period after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. In addition, if a physician selected by the Executive determines that the Disability of the Executive has occurred, the Executive (or his representative) may provide the Company with written notice in accordance with the Employment Agreement of the Executive's intention to terminate his employment. In such event, the Disability Effective Date shall be thirty (30) days after receipt of such notice by the Company.

(b) Cause. The Parent may terminate the Executive's employment during the Employment Period for Cause.

(c) Good Reason. The Executive's employment may be terminated by the Executive at any time during the Employment Period for Good Reason.

(d) Notice of Termination. Any termination during the Employment Period shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 11(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement or the Employment Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date, in the case of a notice by the Company, shall be not more than

30 days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" shall mean:

(i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be;

(ii) if the Executive's employment is terminated by the Company or the Parent other than for Cause, the Date of Termination shall be the date on which the Executive receives notice of such termination; and

(iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

### 3. Obligations of the Company Upon Termination.

(a) Death, Disability, Good Reason or Other than For Cause. If, during the Employment Period and prior to the expiration of the Term of the Agreement, the Executive's employment is terminated by reason of the Executive's death or Disability, by the Parent or the Company for any reason other than for Cause or by the Executive for Good Reason:

(i) The Company shall pay to the Executive (or Executive's heirs, beneficiaries or representatives as applicable), at the times specified in clause (x), the following amounts:

(A) an amount equal to the Executive's Annual Base Salary through the Date of Termination for periods following his Separation From Service to the extent not theretofore paid;

(B) an amount equal to the product of (x) the higher of (I) the highest Annual Bonus Amount for the preceding five (5) calendar years and (II) the Annual Bonus Amount that would be payable in respect of the current fiscal year (and annualized for any fiscal year consisting of less than twelve (12) months) (such higher amount being referred to as the "Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is three hundred sixty-five (365);

(C) an amount equal to two times the sum of (i) the highest Annual Base Salary received by the Executive in the last five (5) years ended prior to the Termination Date and (ii) the Highest Annual Bonus;

(D) an amount equal to two times the sum of (i) the total of the employer basic and matching contributions credited to the Executive under the Company's 401(k) Savings Plan (the "401(k) Plan") during the twelve (12)-month period immediately preceding the month of the Executive's Date of Termination, and (ii) the amount that would have been credited and contributed to the Executive and his accounts under all other deferred compensation plans (excluding the ERP and the SRP) using the amounts specified in clauses (i) and (ii) of Section 3(a)(i)(C), such total amount to be grossed up so that the amount the Executive actually receives after payment of any federal or state taxes payable thereon equals the amount first described above; and

(E) the total value of all fringe benefits received by the Executive on an annualized basis multiplied by two (2).

(ii) For a period of two (2) years from the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and the Executive's family equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 3(b)(iv) of the Employment Agreement if the Executive's employment had not been terminated; provided, however, that with respect to any of such plans, programs, practices or policies requiring an employee contribution, the Executive (or Executive's heirs or beneficiaries as applicable) shall continue to pay the monthly employee contribution for same, and provided further, that if the Executive becomes re-employed by another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. If any of the dental, accident, health insurance or other benefits specified in this Section 3(a)(ii) are taxable to the Executive and are not exempt from Section 409A, the following provisions shall apply to the reimbursement or provision of such benefits. The Executive shall be eligible for reimbursement for covered welfare expenses, or for the provision of such benefits on an in-kind basis, during the period commencing on Executive's Date of Termination and ending on the third anniversary of such date. The amount of such welfare benefit expenses eligible for reimbursement or the in-kind benefits provided under this Section 3(a)(ii), during the Executive's taxable year will not affect the expenses eligible for reimbursement, or the benefits to be provided, in any other taxable year (with the exception of applicable lifetime maximums applicable to medical expenses or medical benefits described in Section 105(b) of the Code). The Executive's right to reimbursement or direct provision of benefits under this Section 3(a)(ii) is not subject to liquidation or exchange for another benefit. To the extent that the benefits provided to the Executive pursuant to this Section 3(a)(ii) are taxable to the Executive and are not otherwise exempt from Section 409A, any reimbursement amounts to which the Executive would otherwise be entitled under this Section 3(a)(ii) during the first six months following the date of the Executive's Separation From Service shall be accumulated and paid to the Executive on the date that is six months following the date of his Separation From Service. All reimbursements by the Company under this Section 3(a)(ii) shall be paid no later than the earlier of (i) the time periods described above and (ii) the last day of the Executive's taxable year following the taxable year in which the expense was incurred.

(iii) All benefits and amounts under the Company's deferred compensation plan and all other benefit plans (except as specifically provided for in Section 4(b) below), not already vested shall become immediately one hundred percent (100%) vested as of the Date of Termination. All options to acquire common shares of the Parent, all restricted common shares of the Parent, and all share appreciation rights the value of which is determined by reference to or based upon the value of common shares of the Parent, held by the Executive under any plan of the Company or its affiliated companies shall become immediately vested, exercisable and nonforfeitable. The effect, if any, of a Change of Control on any other equity incentives and other awards the value of which is determined by reference to or based upon the value of common shares of the Parent shall be determined in accordance with the terms of the applicable award agreement.

(iv) The Company shall, at its sole expense as incurred, provide the Executive with reasonable outplacement services from a provider selected by the Executive in his sole discretion. The Company shall directly pay the provider the fees for such outplacement services. The period during which such outplacement services shall be provided to the Executive at the expense of the Company shall not extend beyond the last day of the second taxable year of the Executive following the taxable year of the Executive during which he incurs a Separation From Service.

(v) At the time specified in clause (x) below, ownership of all country club memberships, luncheon clubs and other memberships which the Company was providing for the Executive's or his family's use prior to the time that the Notice of Termination is given shall be transferred and assigned to the Executive at no cost to the Executive (other than ordinary income taxes owed), the cost of transfer, if any, to be borne by the Company.

(vi) At the time specified in clause (x) below, the Company shall pay the Executive a lump sum in cash equal to the Executive's annual car allowance multiplied by two (2).

(vii) To the extent not already paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (collectively, the "Other Benefits").

(viii) If the Executive's employment is terminated by reason of the Executive's death, the Other Benefits (as defined in this Section) shall also include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and its affiliated companies to the estates and beneficiaries of the executive officers of the Company and such affiliated companies under such plans, programs, practices and policies relating to death benefits, if any, in effect on the date hereof or, if more favorable, those in effect on the date of the Executive's death.

(ix) If the Executive's employment is terminated by reason of the Executive's Disability, the Other Benefits (as defined in this Section) shall also include, without limitation, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits at least equal to the most favorable benefits generally provided by the Company and its affiliated companies to the Executive's disabled peer executive officers and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, in effect generally on the date hereof or, if more favorable, those in effect at the time of the Disability.

(x) The Company shall pay or provide to the Executive the amounts or benefits specified in Sections 3(a)(i)(A), 3(a)(i)(B), 3(a)(i)(C), 3(a)(i)(D) and 3(a)(i)(E), and Sections 3(a)(v) and 3(a)(vi) 30 days following the date of the Executive's Separation From Service if he is not a Specified Employee on the date of his Separation From Service or on the date that is six months following the date of his Separation From Service if he is a Specified Employee.

(xi) If the Executive is a Specified Employee, on the date that is six months following the Executive's Separation From Service, the Company shall pay to the Executive, in addition to the amounts reflected in clause (x), an amount equal to the interest that would be earned on the amounts specified in Sections 3(a)(i)(A), 3(a)(i)(B), 3(a)(i)(C), 3(a)(i)(D) and 3(a)(i)(E) and, to the extent subject to a mandatory six-month delay in payment, all amounts payable under the ERP and the SRP, for the period commencing on the date of the Executive's Separation From Service until the date of payment of such amounts, calculated using an interest rate of five percent per annum (the "Interest Amount").

(xii) Notwithstanding any other provision of this Agreement to the contrary, the amount of the payment under each of Sections 3(a)(i)(B), 3(a)(i)(C), 3(a)(i)(D) and 3(a)(i)(E) shall not exceed the amount that would have been paid to the Executive had his Date of Termination occurred on December 31, 2008.

(b) Cause. If the Executive's employment is terminated for Cause during the Employment Period and prior to the expiration of the Term of the Agreement, this Agreement shall terminate without

further obligations to the Executive, other than the obligation to pay to the Executive (x) his Annual Base Salary through the Date of Termination for periods following his Separation From Service on the date that is 30 days following the date of the Employee's Separation From Service if he is not a Specified Employee or on the date that is six months following the date of his Separation From Service if he is a Specified Employee, and (y) Other Benefits, to the extent theretofore unpaid.

(c) Termination by Executive Other Than for Good Reason. If the Executive voluntarily terminates his employment during the Employment Period and prior to the expiration of the Term of the Agreement for any reason other than for Good Reason, the Executive's employment shall terminate without further obligations to the Executive, other than (x) the obligation to pay to the Executive his Annual Base Salary through the Date of Termination for periods following his Separation From Service, (y) Other Benefits and (z) the rights provided in Section 4. The Company shall pay to the Executive the amount specified in clause (x) on the date that is 30 days following the date of the Employee's Separation From Service if he is not a Specified Employee or on the date that is six months following the date of his Separation From Service if he is a Specified Employee.

#### 4. Other Rights.

(a) Except as provided herein, nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any plan, contract or agreement with the Company or any of its affiliated companies. Except as otherwise expressly provided herein, amounts which are vested benefits, which vest according to the terms of this Agreement or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies prior to, at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice, program, contract or agreement. If any severance payments are required to be paid to the Executive in conjunction with severance of employment under federal, state or local law, the severance payments paid to the Executive under this Agreement will be deemed to be in satisfaction of any such statutorily required benefit obligations to the extent that doing so would not result in an acceleration of payment of nonqualified deferred compensation that is prohibited under Section 409A.

(b) Solely with respect to the ERP and the SRP, if the Executive's employment is terminated for any reason whatsoever, with or without Cause, and no Change of Control has occurred or is pending, any ERP or SRP benefits payable shall only be those that are payable, if any, under the terms of the ERP or SRP as of the Date of Termination.

#### 5. Full Settlement.

(a) No Rights of Offset. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others.

(b) No Mitigation Required. The Company agrees that, if the Executive's employment with the Company terminates, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to this Agreement. Further, except as specified in Section 3(a)(ii), the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by the Executive as the result of

employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

(c) Legal Fees. The Company agrees to pay promptly as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company or the Executive of the validity or enforceability of, or liability under, any provision of this Agreement or the Employment Agreement or any guarantee of performance thereto (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement or the Employment Agreement). The legal fees or expenses that are subject to reimbursement pursuant to this Section 5(c) shall not be limited as a result of when the fees or expenses are incurred. The amount of legal fees or expenses that is eligible for reimbursement pursuant to this Section 5(c) during a given taxable year of the Executive shall not affect the amount of expenses eligible for reimbursement in any other taxable year of the Executive. The right to reimbursement pursuant to this Section 5(c) is not subject to liquidation or exchange for another benefit. Any amount to which the Executive is entitled to reimbursement under this Section 5(c) during the first six months following the date of the Executive's Separation From Service shall be accumulated and paid to the Executive on the date that is six months following the date of his Separation From Service. All reimbursements by the Company under this Section 5(c) shall be paid no later than the earlier of (i) the time periods described above and (ii) the last day of the Executive's taxable year next following the taxable year in which the expense was incurred.

#### 6. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding, if it shall be determined that any payment or distribution by the Parent, the Company or any of their affiliated companies to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement, any other plan, agreement or contract or otherwise, but determined without regard to any additional payments required under this Section 6) (a "Payment") would be subject to any additional tax or excise tax imposed by sections 409A, 457A or 4999 of the Code (and any successor provisions or sections to sections 409A, 457A and 4999) or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to promptly receive from the Company an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Any Gross Up Payment shall be made by the Company at least 10 days prior to the date that the Executive is required to remit to the relevant taxing authority any federal, state and local taxes imposed upon the Executive, including the amount of additional taxes imposed upon the Executive due to the Company's payment of the initial taxes on such amounts. Notwithstanding any provision of this Agreement to the contrary, any amounts to which the Executive would otherwise be entitled under this Section 6(a) during the first six months following the date of the Executive's Separation From Service shall be accumulated and paid to the Executive on the date that is six months following the date of his Separation From Service. All reimbursements by the Company under this Section 6(a) be paid no later than the earlier of (i) the time periods described above and (ii) the last day of the Executive's taxable year next following the taxable year in which the expense was incurred.

(b) Subject to the provisions of Section 6(c), all determinations required to be made under this Section 6, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination shall be made by

PricewaterhouseCoopers or, as provided below, such other certified public accounting firm as may be designated by the Executive (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 6, shall be paid by the Company to the Executive within five (5) days after the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm, absent manifest error, shall be binding upon the Company and the Executive, subject to the last sentence of Section 6(a), and in no event later than the payment deadline specified in Section 6(a). As a result of the uncertainty in the application of section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 6(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive, subject to the last sentence of Section 6(a), and in no event later than the payment deadline specified in Section 6(a).

(c) The Executive shall notify the Company in writing of any claim by the IRS that, if successful, would require the payment by the Company of the Gross-Up Payment (or an additional Gross-Up Payment) in the event the IRS seeks higher payment. Such notification shall be given as soon as practicable, but no later than ten business days after the Executive is informed in writing of such claim, and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty (30)-day period following the date on which he gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

- (i) give the Company any information reasonably requested by the Company relating to such claim,
- (ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
- (iii) cooperate with the Company in good faith in order to effectively contest such claim, and
- (iv) permit the Company to participate in any proceedings relating to such claims; provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred at any time during the period that ends ten years following the lifetime of the Executive in connection with such proceedings and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 6(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such

claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. The Company shall not direct the Executive to pay such a claim and sue for a refund if, due to the prohibitions of section 402 of the Sarbanes-Oxley Act of 2002, the Company may not advance to the Executive the amount necessary to pay such claim. All such costs and expenses shall be made by the Company at least 10 days prior to the date that the Executive is required to pay or incur such costs and expenses. The costs and expenses that are subject to be paid by the Company pursuant to this Section 6(c) shall not be limited as a result of when the costs or expenses are incurred. The amounts of costs or expenses that are eligible for payment pursuant to this Section 6(c)(iv) during a given taxable year of the Executive shall not affect the amount of costs or expenses eligible for payment in any other taxable year of the Executive. The right to payment of costs and expenses pursuant to this Section 6(c)(iv) is not subject to liquidation or exchange for another benefit. Notwithstanding any provision of this Agreement to the contrary, any amounts to which the Executive would otherwise be entitled under this Section 6(c)(iv) during the first six months following the date of the Employee's Separation From Service shall be accumulated and paid to the Executive on the date that is six months following the date of his Separation From Service. All reimbursements by the Company under this Section 6(c)(iv) shall be paid no later than the earlier of (i) the time periods described above and (ii) the last day of the Executive's taxable year next following the taxable year in which the expense was incurred.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 6(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 6(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 6(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty (30) days after such determination, then such advance shall not be required to be repaid.

(e) Any provision in this Agreement or any other plan or agreement to the contrary notwithstanding, if the Company is required to pay a Gross-Up Payment pursuant to the provisions of this Agreement and pursuant to the provisions of another plan or agreement, then the Company shall pay the total of the amounts determined pursuant to this Agreement and the provisions of such other plan or agreement.

**7. Confidential Information.** The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies, provided that it shall not apply to information which is or shall become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement), information that is developed by the Executive independently of such information, or knowledge or data or information that

is disclosed to the Executive by a third party under no obligation of confidentiality to the Company. After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provision of this Section 9 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

8. Disputed Payments And Failures To Pay. If the Company fails to make a payment under this Agreement in whole or in part as of the payment date specified in this Agreement, either intentionally or unintentionally, other than with the consent of the Employee, the Company shall owe the Employee interest on the delayed payment at the applicable Federal rate provided for in section 7872(f)(2)(A) of the Code if the Employee (i) accepts the portion (if any) of the payment that the Company is willing to make (unless such acceptance will result in a relinquishment of the claim to all or part of the remaining amount) and (ii) makes prompt and reasonable good faith efforts to collect the remaining portion of the payment. Any such interest payments shall become due and payable effective as of the applicable payment date(s) specified in Section 3 with respect to the delinquent payment(s) due under Section 3.

9. Funding. The Executive shall have no right, title, or interest whatsoever in or to any assets of the Company or any investments which the Company may make to aid it in meeting its obligations under this Agreement. The Executive's right to receive payments under this Agreement shall be no greater than the right of an unsecured general creditor of the Company. Immediately prior to a Change in Control, the Company shall create an irrevocable grantor trust (the "Rabbi Trust") which shall be subject to the claims of creditors of the Company. In the event that the Executive is a Specified Employee at the time he incurs a Separation From Service or at the time the Company determines that it is reasonably likely that the Executive will incur a Separation From Service in connection with a Change in Control, then immediately upon the Executive's Separation From Service or, if earlier, the date on which the Company makes a determination that the Executive is reasonably likely to incur a Separation From Services in connection with a Change in Control, the Company shall transfer to the Rabbi Trust cash sufficient (on an undiscounted basis) to pay the cash amounts specified in Sections 3(a)(i)(A), 3(a)(i)(B), 3(a)(i)(C), 3(a)(i)(D) and 3(a)(i)(E), the estimated amount of the Gross-Up Payment to be made under Section 6 and the Interest Amount. The cash amounts specified in Sections 3(a)(i)(A), 3(a)(i)(B), 3(a)(i)(C), 3(a)(i)(D) and 3(a)(i)(E), the Gross-Up Payment and the Interest Amount shall be paid from the Rabbi Trust on the dates specified in Sections 3 and 6 herein, provided that the Company shall remain liable to pay any all amounts which for any reason are not paid from the Rabbi Trust. The trustee of the Rabbi Trust shall be a bank or trust company selected by the Company and approved by the Executive (in his sole discretion) prior to the Change in Control.

10. Successors.

(a) This Agreement is personal to the Executive and shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, amalgamation, scheme of arrangement, exchange offer, operation of law or otherwise (including any purchase, merger, amalgamation, Corporate Transaction or other transaction involving the Parent,

Company or any subsidiary or Affiliate of the Company), to all or substantially all of the Company's or Parent's business and/or the Parent's Assets or the Company's assets to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after a Change of Control, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as provided above.

11. Miscellaneous.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO PRINCIPLES OF CONFLICT OF LAWS. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: Carel W. Hoyer  
515 Post Oak Boulevard  
Houston, Texas 77027

If to the Company: Weatherford International, Inc.  
515 Post Oak Boulevard  
Houston, Texas 77027  
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right to the Executive or the Company may have hereunder, including without limitation, the right of the Executive to terminate employment for Good Reason shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) This Agreement constitutes the entire agreement and understanding between the parties relating to the subject matter hereof and supersedes all prior agreements between the parties relating to the subject matter hereof, including, without limitation, the Prior Agreements.

(g) Notwithstanding any other provision of this Agreement, no benefits or payments hereunder shall be provided or paid following December 31, 2010.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name and on its behalf, all as of the day and year first above written.

/s/ CAREL W. HOYER  
Carel W. Hoyer

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WEATHERFORD INTERNATIONAL, INC.

By:

/s/ BERNARD J. DUROC-DANNER  
Bernard J. Duroc-Danner  
President

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**INDEMNIFICATION AGREEMENT**

THIS AGREEMENT is made on the 9th day of February, 2009

BETWEEN:

**Weatherford International Ltd.**, a company incorporated under the laws of Bermuda with its registered office located at Clarendon House, 2 Church Street, Hamilton, Bermuda (the "Company"); and

Carel W. Hoyer (the "Indemnitee").

WHEREAS the Indemnitee is an officer of the Company;

WHEREAS highly skilled and competent persons are becoming more reluctant to serve public companies as directors or officers unless they are provided with adequate protection through insurance and indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of such companies;

WHEREAS uncertainties relating to indemnification increase the difficulty of attracting and retaining such persons;

WHEREAS the Board has determined that an inability to attract and retain such persons is detrimental to the best interests of the Company and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify Indemnitee to the fullest extent permitted by Bermuda law so that Indemnitee will serve or continue to serve the Company free from undue concern that Indemnitee will not be so indemnified;

WHEREAS, Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

**1. INTERPRETATION**

1.1 In this Agreement unless the context otherwise requires, the following words and expressions shall have the following meanings:

this "Agreement" means this Indemnification Agreement;

the "Board" means the board of directors of the Company;

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<u>"Business Day"</u>	means any day on which banks in Bermuda are open for business;
<u>the "Companies Act"</u>	means the Companies Act 1981;
<u>"Corporate Status"</u>	means the status of a person who is or was a director, officer, employee, agent, or fiduciary of the Company or any other Group Company, or is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of any other company, corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other entity or enterprise;
<u>"the Court"</u>	means the Supreme Court of Bermuda;
<u>"Disinterested Director"</u>	means a director of the Company who is not or was not a party to a Proceeding in respect of which indemnification is sought by Indemnitee;
<u>"Group Companies"</u>	means the Company and each subsidiary of the Company (wherever incorporated or organized);
<u>"Independent Counsel"</u>	means a law firm or a member of a law firm that neither is presently nor in the past five years has been retained to represent: (i) the Company or Indemnitee in any matter material to either such party, or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's right to indemnification under this Agreement;
<u>the "Parties"</u>	means the parties to this Agreement collectively, and "Party" means any one of them; and
<u>"Proceeding"</u>	means any action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding whether civil, criminal, administrative or investigative and whether formal or informal;

1.2 In this Agreement unless the context otherwise requires:

- 1.2.1 references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other provisions from time to time and shall include references to any provisions of which they are re-enactments (whether with or without modification);
- 1.2.2 references to clauses and schedules are references to clauses hereof and schedules hereto; references to sub-clauses or paragraphs are, unless otherwise stated, references to sub-clauses of the clause or paragraphs of the schedule in which the reference appears;
- 1.2.3 references to the singular shall include the plural and vice versa and references to the masculine shall include the feminine and/or neuter and vice versa; and
- 1.2.4 references to persons shall include companies, partnerships, associations and bodies of persons, whether incorporated or unincorporated.

**2. AGREEMENT TO SERVE**

Indemnitee agrees to continue to serve as an officer of the Company. This Agreement does not create or otherwise establish any right on the part of Indemnitee to be and continue to be elected or appointed an officer of the Company or any other Group Company and does not create an employment contract between the Company and Indemnitee.

**3. INDEMNITY OF DIRECTOR/OFFICER**

- 3.1 Subject to clause 10, the Company shall indemnify Indemnitee if Indemnitee is a party or is threatened to be made a party to any threatened, pending or completed Proceeding, including a Proceeding brought by or in the right of the Company, by reason of the fact that Indemnitee is or was a director, officer, employee, agent, or fiduciary of the Company or is or was serving at the request of the Company as a director, officer, employee, agent, or fiduciary of any other company, corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other entity or enterprise or by reason of anything done or not done by Indemnitee in any such capacity. Subject to clause 10, pursuant to this sub-clause 3.1 Indemnitee shall be indemnified against expenses (including attorneys' fees and disbursements), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with such Proceeding (including, but not limited to, the investigation, defense, settlement or appeal thereof).
- 3.2 Notwithstanding any other provision of this Agreement other than clause 10, Indemnitee shall be indemnified against all expenses (including attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in defending any Proceedings referred to in clause 3.1 in which judgement is given in his favour, in which he is acquitted, or in respect of which relief is granted to him by the Court under section 281 of the Companies Act.

- 3.3 Subject to clause 10, the Company shall indemnify Indemnitee for such portion of the expenses (including attorneys' fees), witness fees, damages, judgments, fines and amounts paid in settlement and any other amounts that Indemnitee becomes legally obligated to pay in connection with any Proceeding referred to in clause 3.1 in respect of which Indemnitee is entitled to indemnification hereunder, even if Indemnitee is not entitled to indemnification hereunder for the total amount thereof.
- 3.4 Without limiting the scope of the indemnity provided under any other provision of this Agreement, if the Indemnitee has reason to apprehend that any claim will or might be made against him in respect of any negligence, default, breach of duty or breach of trust, he may apply to the Court for relief pursuant to section 281 of the Companies Act and, to the extent that the Court relieves him, either wholly or partly, from his liability in accordance with section 281 of the Companies Act, the Indemnitee shall be indemnified against any liability incurred by him in defending any Proceedings in accordance with paragraph 98(2)(b) of the Companies Act.

**4. INDEMNIFICATION FOR EXPENSES OF A WITNESS**

Subject to clause 10, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness in any proceeding, Indemnitee shall be indemnified by the Company against all expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

**5. DETERMINATION OF ENTITLEMENT TO INDEMNIFICATION**

- 5.1 The Indemnitee shall request indemnification pursuant to this Agreement by notice in writing to the secretary of the Company. The secretary shall, promptly upon receipt of Indemnitee's request for indemnification, advise in writing the Board or such other person or persons empowered to make the determination as provided in sub-clause 5.2 that Indemnitee has made such request for indemnification. Subject to clause 10, upon making such request for indemnification, Indemnitee shall be presumed to be entitled to indemnification hereunder and the Company shall have the burden of proof in the making of any determination contrary to such presumption.
- 5.2 Upon written request by Indemnitee for indemnification pursuant to sub-clause 3.1, the entitlement of the Indemnitee to indemnification pursuant to the terms of this Agreement shall be determined by the following person or persons who shall be empowered to make such determination:
- 5.2.1 the Board, by a majority vote of the Disinterested Directors; or
  - 5.2.2 if such vote is not obtainable or, even if obtainable, if such Disinterested Directors so direct by majority vote, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or
  - 5.2.3 by a majority vote of the shareholders.

5.3 For purposes of sub-clause 5.2, Independent Counsel shall be selected by the Board and approved by Indemnitee. Upon failure of the Board to so select such Independent Counsel or upon failure of Indemnitee to so approve, such Independent Counsel shall be selected by a single arbitrator pursuant to the rules of the American Arbitration Association. Such determination of entitlement to indemnification shall be made not later than 60 days after receipt by the Company of a written request for indemnification. Such request shall include documentation or information which is necessary for such determination and which is reasonably available to Indemnitee. Subject to clause 10, any expenses (including attorneys' fees) incurred by Indemnitee in connection with Indemnitee's request for indemnification hereunder shall be borne by the Company irrespective of the outcome of the determination of Indemnitee's entitlement to indemnification. If the person or persons making such determination shall determine that Indemnitee is entitled to indemnification as to part (but not all) of the application for indemnification, such persons may reasonably prorate such partial indemnification among such claims, issues or matters in respect of which indemnification is requested.

**6. ADVANCEMENT OF EXPENSES**

All reasonable expenses incurred by Indemnitee (including attorneys' fees, retainers and advances of disbursements required of Indemnitee) shall be paid by the Company in advance of the final disposition of any Proceeding at the request of Indemnitee as promptly as possible, and in any event within twenty days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time. Indemnitee's entitlement to such expenses shall include those incurred in connection with any Proceeding by Indemnitee seeking an adjudication or award in arbitration pursuant to this Agreement. Such statement or statements shall reasonably evidence the expenses incurred by Indemnitee in connection therewith and shall include or be accompanied by an undertaking by or on behalf of Indemnitee to repay such amount if it is ultimately determined that Indemnitee is not entitled to be indemnified against such expenses by the Company as provided by this Agreement or otherwise. Subject to clause 10, the Company shall have the burden of proof in any determination under this clause 6. No amounts advanced hereunder shall be deemed an extension of credit by the Company to Indemnitee.

**7. REMEDIES OF INDEMNITEE IN CASES OF DETERMINATION NOT TO INDEMNIFY OR TO ADVANCE EXPENSES**

7.1 In the event that: (a) a determination is made that Indemnitee is not entitled to indemnification hereunder; (b) payment has not been timely made following a determination of entitlement to indemnification pursuant to clause 5; or (c) expenses are not advanced pursuant to clause 6, Indemnitee shall be entitled to apply to the Court or any other court of competent jurisdiction for a determination of Indemnitee's entitlement to such indemnification or advance.

7.2 Alternatively to sub-clause 7.1, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association, such award to be made within sixty days following the filing of

the demand for arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration or any other claim.

- 7.3 A judicial proceeding or arbitration pursuant to this clause 7 shall be made de novo and Indemnitee shall not be prejudiced by reason of a determination otherwise made hereunder (if so made) that Indemnitee is not entitled to indemnification. Subject to clause 10, if a determination is made pursuant to the terms of clause 5 that Indemnitee is entitled to indemnification, the Company shall be bound by such determination and is precluded from asserting that such determination has not been made or that the procedure by which such determination was made is not valid, binding and enforceable. If the court or arbitrator shall determine that Indemnitee is entitled to any indemnification hereunder, the Company shall pay all reasonable expenses (including attorneys' fees and disbursements) actually incurred by Indemnitee in connection with such adjudication or award in arbitration (including, but not limited to, any appellate proceedings).

**8. OTHER RIGHTS TO INDEMNIFICATION**

The indemnification and advancement of expenses (including attorneys' fees) provided by this Agreement shall not be deemed exclusive of any other right to which Indemnitee may now or in the future be entitled under any provision of the Company's bye-laws, any agreement, vote of shareholders, the Board or Disinterested Directors, provision of law, or otherwise; provided, however, that: (a) this Agreement supersedes any other agreement that has been entered into by the Company with the Indemnitee which has as its principal purpose the indemnification of Indemnitee (except that this Agreement shall not supersede that certain Indemnification Agreement entered into on or about the date hereof between Indemnitee and Weatherford International, Inc., a subsidiary of the Company, it being the intention of the Parties that Indemnitee shall be entitled to the indemnification provided under either or both agreements to the fullest extent permitted by law); and (b) where the Company may indemnify the Indemnitee pursuant to either this Agreement or the bye-laws of the Company, the Company may indemnify the Indemnitee under either this Agreement or the bye-laws but the Indemnitee shall, in no case, be indemnified by the Company in respect of any expense, liability or cost of any type for which payment is or has been actually made to Indemnitee under any insurance policy, indemnity clause, bye-law or agreement, except in respect of any excess beyond such payment.

**9. ATTORNEYS' FEES AND OTHER EXPENSES TO ENFORCE AGREEMENT**

In the event that Indemnitee is subject to or intervenes in any Proceeding in which the validity or enforceability of this Agreement is at issue or seeks an adjudication or award in arbitration to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee, if Indemnitee prevails in whole or in part in such action, shall be entitled to recover from the Company and shall be indemnified by the Company against, any actual expenses for attorneys' fees and disbursements reasonably incurred by Indemnitee, provided that in bringing such action, Indemnitee acted in good faith.

**10. LIMITATION OF INDEMNIFICATION**

Notwithstanding any other terms of this Agreement, nothing herein shall indemnify the Indemnitee against, or exempt the Indemnitee from, any liability in respect of the Indemnitee's fraud or dishonesty.

**11. LIABILITY INSURANCE**

To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer.

**12. DURATION OF AGREEMENT**

This Agreement shall apply with respect to Indemnitee's occupation of any of the position(s) described in sub-clause 3.1 of this Agreement prior to the date of this Agreement and with respect to all periods of such service after the date of this Agreement, even though the Indemnitee may have ceased to occupy such positions(s).

**13. NOTICE OF PROCEEDINGS BY INDEMNITEE**

13.1 Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding which may be subject to indemnification hereunder, provided, however, that the failure to so notify the Company will not relieve the Company from any liability it may have to Indemnitee except to the extent that such failure materially prejudices the Company's ability to defend such claim. With respect to any such Proceeding as to which Indemnitee notifies the Company of the commencement thereof:

13.1.1 the Company will be entitled to participate therein at its own expense; and

13.1.2 except as otherwise provided below, to the extent that it may wish, the Company jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof, with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election so to assume the defense thereof, the Company will not be liable to Indemnitee under this Agreement for any legal or other expenses subsequently incurred by Indemnitee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ Indemnitee's own counsel in such Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of Indemnitee and not subject to indemnification hereunder unless (a) the employment of counsel by Indemnitee has been authorized by the Company; (b) in the reasonable opinion of counsel to Indemnitee there is or may be a conflict of interest between the Company and

Indemnitee in the conduct of the defense of such Proceeding; or (c) the Company shall not in fact have employed counsel to assume the defense of such action, in each of which cases, subject to clause 10, the fees and expenses of counsel shall be at the expense of the Company.

13.2 Neither the Company nor the Indemnitee shall settle any claim without the prior written consent of the other (which shall not be unreasonably withheld).

#### 14. NOTICES

Any notice required to be given hereunder shall be in writing in the English language and shall be served by sending the same by prepaid recorded post, facsimile or by delivering the same by hand to the address of the Party or Parties in question as set out below (or such other address as such Party or Parties shall notify the other Parties of in accordance with this clause). Any notice sent by post as provided in this clause shall be deemed to have been served five Business Days after despatch and any notice sent by facsimile as provided in this clause shall be deemed to have been served at the time of despatch and in proving the service of the same it will be sufficient to prove in the case of a letter that such letter was properly stamped, addressed and placed in the post; and in the case of a facsimile that such facsimile was duly despatched to a current facsimile number of the addressee.

Company —

Weatherford International Ltd.

c/o Weatherford International, Inc.  
515 Post Oak Park, Suite 600  
Houston, Texas 77027-3415  
Attn: Secretary

Fax: 713-693-4484

Indemnitee —

Name: Carel W. Hoyer  
Address: 515 Post Oak Boulevard, Suite 600  
Houston, Texas 77027

Fax: (713) 693-4410

#### 15. MISCELLANEOUS

15.1 Notwithstanding the expiration or termination of this Agreement howsoever arising, such expiration or termination shall not operate to affect such of the provisions hereof as are expressed or intended to remain in full force and effect.

- 15.2 If any of the clauses, conditions, covenants or restrictions of this Agreement or any deed or document emanating from it shall be found to be void but would be valid if some part thereof were deleted or modified, then such clause, condition, covenant or restriction shall apply with such deletion or modification as may be necessary to make it valid and effective so as to give effect as nearly as possible to the intent manifested by such clause, condition, covenant or restriction.
- 15.3 This Agreement shall be binding upon the Company and its successors and assigns (including any transferee of all or substantially all of its assets and any successor or resulting company by merger, amalgamation or operation of law) and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, estate, devisees, executors, administrators or other legal representatives.
- 15.4 This Agreement (together with any documents referred to herein) constitutes the whole agreement between the Parties relating to its subject matter and supersedes any prior indemnification arrangement between the Company (or its predecessor) and Indemnitee (except as specifically set forth in clause 8).
- 15.5 No provision in this Agreement may be amended unless such amendment is agreed to in writing, signed by the Indemnitee and by a duly authorised officer of the Company. No waiver by either Party of any breach by the other Party of any condition or provision of this Agreement to be performed by such other Party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time. Any waiver must be in writing and signed by the Indemnitee or a duly authorised officer of the Company, as the case may be.
- 15.6 The headings in this Agreement are inserted for convenience only and shall not affect the construction of this Agreement.
- 15.7 This Agreement may be executed in counterparts each of which when executed and delivered shall constitute an original but all such counterparts together shall constitute one and the same instrument.
- 15.8 The terms and conditions of this Agreement and the rights of the parties hereunder shall be governed by and construed in all respects in accordance with the laws of the Islands of Bermuda. The parties to this Agreement hereby irrevocably agree that the courts of Bermuda shall have non-exclusive jurisdiction in respect of any dispute, suit, action, arbitration or proceedings ("Agreement Proceedings") which may arise out of or in connection with this Agreement and waive any objection to Agreement Proceedings in the courts of Bermuda on the grounds of venue or on the basis that the Agreement Proceedings have been brought in an inconvenient forum.
- 15.9 All payments made by the Company to Indemnitee hereunder shall be deemed to have been made in the ordinary course of business of the Company, and shall not be deemed to be extraordinary payments.

IN WITNESS WHEREOF, the undersigned, intending to be bound hereby, have duly executed this Agreement as of the date first written above.

SIGNED by and on behalf of  
THE COMPANY  
in the presence of:

)  
)  
)

/s/ BURT M. MARTIN  
Name: Burt M. Martin  
Title: Senior Vice President

Witness: /s/ Kathleen Marino  
Name: Kathleen Marino

SIGNED by  
THE INDEMNITEE  
in the presence of:

)  
)  
)

/s/ CAREL W. HOYER  
Name: Carel W. Hoyer

Witness: /s/ Beth Murrell  
Name: Beth Murrell

**INDEMNIFICATION AGREEMENT**

This INDEMNIFICATION AGREEMENT made and entered into effective as of February 9, 2009, ("Agreement"), by and between WEATHERFORD INTERNATIONAL, INC., a Delaware corporation ("Company"), and Carel W. Hoyer ("Indemnitee").

**WITNESSETH:**

WHEREAS, highly skilled and competent persons are becoming more reluctant to serve public corporations as directors or officers unless they are provided with adequate protection through insurance and indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation; and

WHEREAS, uncertainties relating to indemnification have increased the difficulty of attracting and retaining such persons; and

WHEREAS, the Board of Directors has determined that the inability to attract and retain such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future; and

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify Indemnitee to the fullest extent permitted by applicable law so that Indemnitee will serve or continue to serve the Company free from undue concern that Indemnitee will not be so indemnified; and

WHEREAS, Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services by Indemnitee. Indemnitee agrees to continue to serve as a director and/or officer of the Company. This Agreement does not create or otherwise establish any right on the part of Indemnitee to be and continue to be nominated to be a director and/or officer of the Company and does not create an employment contract between the Company and Indemnitee.

Section 2. Indemnification. The Company shall indemnify Indemnitee to the fullest extent permitted by applicable law in effect on the date hereof or as such laws may from time to time be amended. Without diminishing the scope of the indemnification provided by this Section 2, the rights of indemnification of Indemnitee provided hereunder shall include but shall not be limited to those rights, except to the extent expressly prohibited by applicable law.

Section 3. Action or Proceeding Other Than an Action by or in the Right of the Company. Indemnitee shall be entitled to the indemnification rights provided in this Section 3 if Indemnitee is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative in nature, other

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than an action by or in the right of the Company, by reason of the fact that Indemnitee is or was a director, officer, employee, agent, or fiduciary of the Company or is or was serving at the request of the Company as a director, officer, employee, agent, or fiduciary of any other entity or by reason of anything done or not done by him or her in any such capacity. Pursuant to this Section 3, Indemnitee shall be indemnified against expenses (including attorneys' fees and disbursements), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with such action, suit or proceeding (including, but not limited to, the investigation, defense or appeal thereof), if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 4. Actions by or in the Right of the Company. Indemnitee shall be entitled to the indemnification rights provided in this Section 4 if Indemnitee was or is made a party or is threatened to be made a party to any threatened, pending or completed action or suit brought by or in the right of the Company to procure a judgment in its favor by reason of the fact that Indemnitee is or was a director, officer, employee, agent, or fiduciary of the Company or is or was serving at the request of the Company as a director, officer, employee, agent, or fiduciary of any other entity by reason of anything done or not done by Indemnitee in any such capacity. Pursuant to this Section 4 Indemnitee shall be indemnified against expenses (including attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee in connection with such action or suit (including, but not limited to, the investigation, defense, settlement or appeal thereof) if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; provided, however, that no such indemnification shall be made in respect of any claim, issue or matter as to which applicable law expressly prohibits such indemnification by reason of an adjudication of liability of Indemnitee to the Company, unless, and only to the extent that, the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite such adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such expenses as such court shall deem proper.

Section 5. Indemnification for Expenses of Successful Party. Notwithstanding the other provisions of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, in defense of any action, suit or proceeding referred to in Section 4 hereof, or in defense of any claim, issue or matter therein, Indemnitee shall be indemnified against all expenses (including attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

Section 6. Indemnification for Expenses of a Witness. To the extent that Indemnitee is, by reason of Indemnitee's Corporate Status (as hereinafter defined), a witness in any proceeding, Indemnitee shall be indemnified by the Company against all expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

Section 7. Partial Indemnification. If Indemnitee is only partially successful in the defense, investigation, settlement or appeal of any action, suit, investigation or proceeding

described in Section 4 hereof, and as a result is not entitled under Section 5 hereof to indemnification by the Company for the total amount of the expenses (including attorneys' fees and disbursements), judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by Indemnitee, the Company shall nevertheless indemnify Indemnitee, as a matter of right pursuant to Section 5 hereof, to the extent Indemnitee has been partially successful.

Section 8. Determination of Entitlement to Indemnification. Upon written request by Indemnitee for indemnification pursuant to Section 3 or 4 hereof, the entitlement of the Indemnitee to indemnification pursuant to the terms of this Agreement shall be determined by the following Person or Persons who shall be empowered to make such determination: (a) the Board of Directors of the Company by a majority vote of the Disinterested Directors (as hereinafter defined) even if less than a quorum; or (b) if such vote is not obtainable or, even if obtainable, if such Disinterested Directors so direct by majority vote, by Independent Counsel (as hereinafter defined) in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee; or (c) by the stockholder or stockholders of the Company. Such Independent Counsel shall be selected by the Board of Directors and approved by Indemnitee. Upon failure of the Board to so select such Independent Counsel or upon failure of Indemnitee to so approve, such Independent Counsel shall be selected by the Chancellor of the State of Delaware or such other Person as such Chancellor shall designate to make such selection. Such determination of entitlement to indemnification shall be made not later than 60 days after receipt by the Company of a written request for indemnification. Such request shall include documentation or information which is necessary for such determination and which is reasonably available to Indemnitee. Any expenses (including attorneys' fees) incurred by Indemnitee in connection with Indemnitee's request for indemnification hereunder shall be borne by the Company. The Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom irrespective of the outcome of the determination of Indemnitee's entitlement to indemnification. If the Person making such determination shall determine that Indemnitee is entitled to indemnification as to part (but not all) of the application for indemnification, such Person shall reasonably prorate such partial indemnification among such claims, issues or matters.

Section 9. Presumptions and Effect of Certain Proceedings. The Secretary of the Company shall, promptly upon receipt of Indemnitee's request for indemnification, advise in writing the Board of Directors or such other Person or Persons empowered to make the determination as provided in Section 8 that Indemnitee has made such request for indemnification. Upon making such request for indemnification, Indemnitee shall be presumed to be entitled to indemnification hereunder and the Company shall have the burden of proof in the making of any determination contrary to such presumption. If the Person or Persons so empowered to make such determination shall have failed to make the requested indemnification within 60 days after receipt by the Company of such request, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be absolutely entitled to such indemnification, absent actual and material fraud in the request for indemnification. The termination of any action, suit, investigation or proceeding described in Section 3 or 4 hereof by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself: (a) create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, that

Indemnitee had reasonable cause to believe that his or her conduct was unlawful; or (b) otherwise adversely affect the rights of Indemnitee to indemnification except as may be provided herein.

Section 10. Advancement of Expenses. All reasonable expenses incurred by Indemnitee (including attorneys' fees, retainers and advances of disbursements required of Indemnitee) shall be paid by the Company in advance of the final disposition of such action, suit or proceeding, whether civil, criminal, administrative or investigative in nature, at the request of Indemnitee as soon as practical, and in any event within twenty days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time. Indemnitee's entitlement to such expenses shall include those incurred in connection with any proceeding by Indemnitee seeking an adjudication or award in arbitration pursuant to this Agreement. Such statement or statements shall reasonably evidence the expenses incurred by Indemnitee in connection therewith and shall include or be accompanied by an undertaking by or on behalf of Indemnitee to repay such amount if it is ultimately determined that Indemnitee is not entitled to be indemnified against such expenses and costs by the Company as provided by this Agreement or otherwise. The Company shall have the burden of proof in any determination under this Section 10. No amounts advanced hereunder shall be deemed an extension of credit by the Company to Indemnitee.

Section 11. Remedies of Indemnitee in Cases of Determination Not to Indemnify or to Advance Expenses. In the event that a determination is made that Indemnitee is not entitled to indemnification hereunder or if payment has not been timely made following a determination of entitlement to indemnification pursuant to Sections 8 and 9, or if expenses are not advanced pursuant to Section 10, Indemnitee shall be entitled to a final adjudication in the Delaware Court of Chancery, first, and then in any other court of competent jurisdiction of Indemnitee's entitlement to such indemnification or advance. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association, such award to be made within sixty days following the filing of the demand for arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration or any other claim. Such judicial proceeding or arbitration shall be made de novo and Indemnitee shall not be prejudiced by reason of a determination (if so made) that Indemnitee is not entitled to indemnification. If a determination is made or deemed to have been made pursuant to the terms of Section 8 or 9 hereof that Indemnitee is entitled to indemnification, the Company shall be bound by such determination and is precluded from asserting that such determination has not been made or that the procedure by which such determination was made is not valid, binding and enforceable. The Company further agrees to stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement and is precluded from making any assertion to the contrary. If the court or arbitrator shall determine that Indemnitee is entitled to any indemnification hereunder, the Company shall pay all reasonable expenses (including attorneys' fees and disbursements) actually incurred by Indemnitee in connection with such adjudication or award in arbitration (including, but not limited to, any appellate proceedings).

Section 12. Other Rights to Indemnification. The indemnification and advancement of expenses (including attorneys' fees) provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may now or in the future be entitled under any provision

of the by-laws, agreement, provision of the Certificate of Incorporation, as amended, vote of stockholders or Disinterested Directors, provision of law, or otherwise; provided, however, that this Agreement supersedes any other Agreement that has been entered into by the Company with the Indemnitee which has as its principal purpose the indemnification of Indemnitee; provided, further, that this Agreement does not supersede that certain Indemnification Agreement entered into on or about the date hereof between Indemnitee and Weatherford International Ltd., the ultimate parent company of the Company, it being the intention of the parties that Indemnitee shall be entitled to the indemnification provided under either or both agreements to the fullest extent permitted by law.

Section 13. Attorneys' Fees and Other Expenses To Enforce Agreement. In the event that Indemnitee is subject to or intervenes in any proceeding in which the validity or enforceability of this Agreement is at issue or seeks an adjudication or award in arbitration to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee, if Indemnitee prevails in whole or in part in such action, shall be entitled to recover from the Company and shall be indemnified by the Company against, any actual expenses for attorneys' fees and disbursements reasonably incurred by Indemnitee, provided that in bringing the advancement action, Indemnitee acted in good faith.

Section 14. Liability Insurance. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer.

Section 15. Duration of Agreement. This Agreement shall apply with respect to Indemnitee's occupation of any of the position(s) described in Sections 3 and 4 of this Agreement prior to the date of this Agreement and with respect to all periods of such service after the date of this Agreement, even though the Indemnitee may have ceased to occupy such positions(s). This Agreement shall be binding upon the Company and its successors and assigns (including any transferee of all or substantially all of its assets and any successor by merger of operation of law) and shall inure to the benefit Indemnitee and Indemnitee's spouse, assigns, estate, heirs, devisees, executors, administrators or other legal representatives. This Agreement supersedes any prior indemnification arrangement between the Company (or its predecessor) and Indemnitee.

Section 16. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; (b) the court holding such provision or provisions to be invalid, illegal or unenforceable, or any other court of competent jurisdiction, shall be empowered upon the request of either party hereto to reform such provision or provisions to give effect as nearly as possible to the intent manifested by such provision or provisions to the fullest extent allowed by law, and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or

unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

Section 17. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 18. Headings. The headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 19. Definitions. For purposes of this Agreement:

(a) "Disinterested Director" shall mean a director of the Company who is not or was not a party to the action, suit, investigation or proceeding in respect of which indemnification is being sought by Indemnitee.

(b) "Independent Counsel" shall mean a law firm or a member of a law firm that neither is presently nor in the past five years has been retained to represent: (i) the Company or Indemnitee in any matter material to either such party, or (ii) any other party to the action, suit, investigation or proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any Person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's right to indemnification under this Agreement.

(c) "Corporate Status" shall mean the status of an individual who is or was a director, officer, employee, agent or fiduciary of the Company or any majority-owned subsidiary or of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such individual is or was serving at the request of the Company.

(d) "Person" shall mean an individual, corporation, association, trust, limited liability company, limited partnership, limited liability partnership, partnership, incorporated organization, other entity or group (as defined in Section 13(d)(3) of the Securities Exchange Act of 1934).

Section 20. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

Section 21. Notice by Indemnitee. (a) Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any matter which may be subject to

indemnification covered hereunder, either civil, criminal, administrative, investigative or otherwise, provided, however, that the failure to so notify the Company will not relieve the Company from any liability it may have to Indemnitee except to the extent that such failure materially prejudices the Company's ability to defend such claim. With respect to any such action, suit, proceeding, inquiry or investigation as to which Indemnitee notifies the Company of the commencement thereof:

(i) The Company will be entitled to participate therein at its own expense; and

(ii) Except as otherwise provided below, to the extent that it may wish, the Company jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof, with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election so to assume the defense thereof, the Company will not be liable to Indemnitee under this Agreement for any legal or other expenses subsequently incurred by Indemnitee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ Indemnitee's own counsel in such action, suit, proceeding, inquiry or investigation, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of Indemnitee and not subject to indemnification hereunder unless (x) the employment of counsel by Indemnitee has been authorized by the Company; (y) in the reasonable opinion of counsel to Indemnitee there is or may be a conflict of interest between the Company and Indemnitee in the conduct of the defense of such action; or (z) the Company shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of counsel shall be at the expense of the Company.

(b) Neither the Company nor the Indemnitee shall settle any claim without the prior written consent of the other (which shall not be unreasonably withheld).

Section 22. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed or if (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

- (i) If to Indemnitee, to the address set forth below his or her signature.
- (ii) If to the Company to:

Weatherford International, Inc.  
515 Post Oak Park, Suite 600  
Houston, Texas 77027-3415  
Attn: Chief Executive Officer

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

Section 23. Governing Law. The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

Section 24. Payments in Ordinary Course of Business. All payments made by the Company to Indemnitee hereunder shall be deemed to have been made in the ordinary course of business of the Company, and shall not be deemed to be extraordinary payments.



AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (this "Agreement") is entered into as of December 31, 2008, by and between Weatherford International Ltd., a Bermuda exempted company (the "Company"), and James M. Hudgins (the "Executive").

WITNESSETH:

WHEREAS, the Board has previously determined that it is in the best interests of the Company and its shareholders to retain the Executive and to induce the employment of the Executive for the long-term benefit of the Company;

WHEREAS, the Company desires to employ the Executive on the terms set forth below to provide services to the Company and its affiliated companies, and the Executive is willing to accept such employment and provide such services on the terms set forth in this Agreement;

WHEREAS, the Company and the Executive previously entered into an employment agreement (the "Employment Agreement") dated and effective as of September 29, 2005 ("the Effective Date");

WHEREAS, the Company and the Executive desire to amend and restate the Employment Agreement as set forth in this Agreement to comply with Section 409A of the Internal Revenue Code of 1986, as amended and the final Department of Treasury regulations issued thereunder; and

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the parties hereto do hereby agree that effective as of December 31, 2008 the Employment Agreement is hereby amended and restated to provide as follows:

1. Certain Definitions.

- (a) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.
- (b) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act
- (c) "Board" shall mean the Board of Directors of the Company.
- (d) "Cause" shall mean:

(i) the willful and continued failure of the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 4(c)), after a written demand for substantial performance is delivered to the Executive by the Board which specifically

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identifies the manner in which the Executive has not substantially performed the Executive's duties, or

(ii) the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

No act, or failure to act, on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or of a more senior officer of the Company or based upon the advice of counsel for the Company (which may be the General Counsel or other counsel employed by the Company or its subsidiaries) shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive, and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(e) "Change of Control" shall be deemed to have occurred if any event set forth in any one of the following paragraphs shall have occurred:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of twenty percent (20%) or more of either (A) the then outstanding common shares of the Company (the "Outstanding Company Common Shares") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"), excluding any Person who becomes such a Beneficial Owner in connection with a transaction that complies with clauses (A), (B) and (C) of paragraph (iii) below;

(ii) individuals, who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least two-thirds (2/3) of the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or any other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) the consummation of a reorganization, merger, amalgamation, consolidation, scheme of arrangement, exchange offer or similar transaction of the Company or any of its subsidiaries or the sale, transfer or other disposition of all or substantially all of the

Company's Assets (any of which a "Corporate Transaction"), unless, following such Corporate Transaction or series of related Corporate Transactions, as the case may be, (A) all of the individuals and entities (which, for purposes of this Agreement, shall include, without limitation, any corporation, partnership, association, joint-stock company, limited liability company, trust, unincorporated organization or other business entity) who were the beneficial owners, respectively, of the Outstanding Company Common Shares and Outstanding Company Voting Securities immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than sixty-six and two-thirds percent (66-2/3%) of, respectively, the then outstanding common shares and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or other governing body), as the case may be, of the entity resulting from such Corporate Transaction (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's Assets either directly or through one (1) or more subsidiaries or entities) in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Company Common Shares and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any entity resulting from such Corporate Transaction or any employee benefit plan (or related trust) of the Company or such entity resulting from such Corporate Transaction) beneficially owns, directly or indirectly, twenty percent (20%) or more of, respectively, the then outstanding shares of common stock of the entity resulting from such Corporate Transaction or the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership existed prior to the Corporate Transaction and (C) at least two-thirds (2/3) of the members of the board of directors (or other governing body) of the entity resulting from such Corporate Transaction were members of the Incumbent Board at the time of the approval of such Corporate Transaction; or

(iv) Approval or adoption by the Board of Directors or the shareholders of the Company of a plan or proposal which could result directly or indirectly in the liquidation, transfer, sale or other disposal of all or substantially all of the Company's Assets or the dissolution of the Company.

(f) "Company" shall mean Weatherford International Ltd. or any successor to Weatherford International Ltd., including but not limited to any Entity into which Weatherford International Ltd. is merged, consolidated or amalgamated, or any Entity otherwise resulting from a Corporate Transaction.

(g) "Company's Assets" shall mean the assets (of any kind) owned by the Company, including, without limitation, the securities of the Company's Subsidiaries and any of the assets owned by the Company's Subsidiaries.

(h) "Disability" shall mean the absence of the Executive from performance of the Executive's duties with the Company on a substantial basis for one hundred twenty (120) calendar days as a result of incapacity due to mental or physical illness.

(i) "Employment Period" shall mean the period commencing on the Effective Date and ending on the third anniversary of the Effective Date; provided, however, that commencing on the date one year after the Effective Date, and on each annual anniversary of such date (such

date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Employment Period shall be automatically extended so as to terminate three (3) years after such Renewal Date, unless at least sixty (60) days prior to the Renewal Date the Company shall give notice to the Executive that the Employment Period shall not be so extended.

(j) "Entity" shall mean means any corporation, partnership, association, joint-stock company, limited liability company, trust, unincorporated organization or other business entity.

(k) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(l) "Good Reason" shall mean the occurrence of any of the following:

(i) the assignment to the Executive of any position, authority, duties or responsibilities that are not materially consistent with the Executive's position (including status, offices and titles), authority, duties or responsibilities as contemplated by Section 3(a) of this Agreement, or any other action by the Company or any Subsidiary which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose any action not taken in bad faith and which is remedied by the Company after receipt of notice thereof given by the Executive;

(ii) any failure by the Company or any Subsidiary to comply with any of the provisions of this Agreement (including, without limitation, its obligations under Section 3(a)) or any other agreements between the Executive and the Company or any Subsidiary, other than any failure not occurring in bad faith and which is remedied by the Company, or a Subsidiary, as appropriate, after receipt of notice thereof given by the Executive;

(iii) any failure by the Company or any Subsidiary to continue to provide the Executive with benefits currently or previously enjoyed by the Executive under any of the Company's or any Subsidiary's compensation, bonus, retirement, pension, savings, life insurance, medical, health and accident, or disability plans, or the taking of any other action by the Company which would directly or indirectly reduce any of such benefits or deprive the Executive of any fringe benefits or perquisites currently enjoyed by the Executive;

(iv) the Company's requiring the Executive to be based at any office or location other than as provided in Section 3(a)(i) hereof or the Company's requiring the Executive to travel to a substantially greater extent than required immediately prior to the date hereof;

(v) any purported termination by the Company of the Executive's employment;

(vi) any failure by the Company to comply with and satisfy Section 9(b) of this Agreement;

(vii) failure of the Company (including any successor) to agree, execute and enter into a new employment agreement and a new executive retirement plan with the Executive

prior to the termination or expiration of this Agreement, with such employment agreement and executive retirement plan having the same terms and conditions as existed in agreements and plans between the Company and the Executive prior to December 30, 2008, and incorporating such terms and conditions that are more favorable to the Executive from all agreements and retirement plans existing on January 1, 2009; or

(viii) in connection with, as a result of, or following a Change of Control, the giving of notice to the Executive that the Employment Period shall not be extended.

In the event of a Change of Control or other Corporate Transaction in which the Company's common shares may cease to be publicly traded, following the Change of Control or the consummation of such other Corporate Transaction, "Good Reason" shall be deemed to exist upon the occurrence of any of the events listed in clauses (i) through (vii) above and also in the event Executive is assigned to any position (including status, offices, titles and reporting requirements), authority, duties or responsibilities that are (A) not at or with the publicly-traded ultimate parent company of the successor to the Company or the corporation or other Entity surviving or resulting from such Corporate Transaction or (B) inconsistent with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a).

For purposes of this Agreement, any good faith determination of "Good Reason" made by the Executive shall be conclusive.

(m) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering by the Company of such securities, or (iv) a corporation or other entity owned, directly or indirectly, by the shareholders of the Company in the same proportions as their ownership of common shares of the Company.

(n) "Section 409A" means Section 409A of the Internal Revenue Code of 1986, as amended and the final Department of Treasury regulations issued thereunder.

(o) "Section 409A Amounts" means those amounts that are deferred compensation subject to Section 409A.

(p) "Separation From Service" shall have the meaning ascribed to such term in Section 409A.

2. Employment Period. The Company hereby agrees that the Company will continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement during the Employment Period. During the Employment Period, the Executive may be seconded to the employment of Weatherford U.S., L.P. (or such other affiliated entity) (the "Seconded Affiliate Company"), but without prejudice to the Company's obligations or the Executive's rights under this Agreement. The Executive shall carry out his/her duties as if they were duties to be performed on behalf of

the Company. Each Seconded Affiliate Company shall be subject to all of the obligations and agreements of the Company under this Agreement and the Company shall be responsible for actions and inactions of the Seconded Affiliate Company. Any breach or failure to abide by the terms and conditions of this Agreement by a Seconded Affiliate Company shall be deemed to constitute a breach or failure to abide by the Company.

### 3. Terms of Employment.

#### (a) Position and Duties.

(i) During the Employment Period, (A) the Executive's position (including status, offices, titles, authority, duties and responsibilities) shall be Vice President — Tax of the Company and (B) the Executive's services shall be performed at the Company's executive office in Houston, Texas or other locations less than thirty-five (35) miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities in clause (A), (B), and (C) together do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that such activities have been conducted by the Executive prior to the date hereof, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the date hereof shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

#### (b) Compensation.

(i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary equal to the current base salary being received by the Executive ("Annual Base Salary"), which shall be paid at a monthly rate. During the Employment Period, the Annual Base Salary shall be reviewed no more than twelve (12) months after the last salary increase awarded to the Executive prior to the date hereof and thereafter at least annually; provided, however, that a salary increase shall not necessarily be awarded as a result of such review. Any increase in Annual Base Salary may not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase. The term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased.

(ii) Annual Bonus. The Executive shall be eligible for an annual bonus for each fiscal year ending during the Employment Period on the same basis as other executive officers under the Company's executive officer annual incentive program. Each such Annual

Bonus shall be paid no later than 2-1/2 months after the fiscal year for which the Annual Bonus is awarded.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to all executive officers of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect on the date hereof. As used in this Agreement, the term "affiliated companies" shall include any company controlled by, controlling or under common control with the Company.

(iv) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible to participate in and shall receive all benefits under welfare benefit and retirement plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to all executive officers of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under than such plans, practices, policies and programs of the Company and its affiliated companies in effect for the Executive on the date hereof.

(v) Fringe Benefits. During the Employment Period, the Executive shall be entitled to (A) a monthly car allowance and (B) such other fringe benefits (including, without limitation, payment of club dues, financial planning services, cellular telephone, mobile email, annual physical examinations, payment of professional fees and professional taxes and payment of related expenses, as appropriate) in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive on the date hereof. Notwithstanding the foregoing, effective December 31, 2008, no amounts shall be payable under this Section 3(b)(v) to the extent that such amounts are Section 409A Amounts.

(vi) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its affiliated companies in effect for the Executive on the date hereof. Notwithstanding the foregoing, effective December 31, 2008, no amounts shall be payable under this Section 3(b)(vi) to the extent that such amounts are Section 409A Amounts.

(vii) Vacation. During the Employment Period, the Executive shall be entitled to at least three (3) weeks paid vacation or such greater amount of paid vacation as may be applicable to the executive officers of the Company and its affiliated companies.

(viii) Deferred Compensation Plan. During the Employment Period, the Executive shall be entitled to continue to participate in any deferred compensation or similar plans in which executive officers of the Company and its affiliated companies participate.

#### 4. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period, it may provide the Executive with written notice in accordance with Section 10(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective thirty (30) days after receipt of such notice by the Executive (the "Disability Effective Date"), provided that within the thirty (30)-day period after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. In addition, if a physician selected by the Executive determines that the Disability of the Executive has occurred, the Executive (or his representative) may provide the Company with written notice in accordance with Section 10(b) of this Agreement of the Executive's intention to terminate his employment. In such event, the Disability Effective Date shall be thirty (30) days after receipt of such notice by the Company.

(b) Cause. The Company may terminate the Executive's employment during the Employment Period for Cause.

(c) Good Reason. The Executive's employment may be terminated by the Executive at any time during the Employment Period for Good Reason.

(d) Notice of Termination. Any termination during the Employment Period by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 10(b) of the Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date, in the case of a notice by the Company, shall be not more than 30 days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" shall mean:

(i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be;

(ii) if the Executive's employment is terminated by the Company other than for Cause, the Date of Termination shall be the date on which the Executive receives notice of such termination; and

(iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

#### 5. Obligations of the Company Upon Termination.

(a) Benefit Obligation and Accrued Obligation Defined. For purposes of this Agreement, Benefit Obligation shall mean all benefits to which the Executive (or his designated beneficiary or legal representative, as applicable) is entitled or vested (or becomes entitled or vested as a result of termination) under the terms of all employee benefit and compensation plans, agreements and arrangements (collectively, "Benefit Plans") in which the Executive is a participant as of the Date of Termination. Accrued Obligation means the sum of (1) the Executive's Annual Base Salary through the Date of Termination for periods through but not following his Separation From Service and (2) any accrued vacation pay earned by the Executive, in each case, to the extent not theretofore paid.

(b) Death, Disability, Good Reason or Other than For Cause. If, during the Employment Period, the Executive's employment is terminated by reason of the Executive's death or Disability, by the Company for any reason other than for Cause or by the Executive for Good Reason:

(i) The Company shall pay to the Executive (or Executive's heirs, beneficiaries or representatives as applicable) in a lump sum in cash within thirty (30) days after the Date of Termination the Accrued Obligation; and

(ii) The Company shall pay or cause the Executive to be paid the Benefit Obligation at the times specified in and in accordance with the terms of the applicable Benefit Plans.

(c) Cause. If the Executive's employment is terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than the obligation to pay to the Executive (x) the Accrued Obligation and (y) the Benefit Obligation in accordance with the terms of the applicable Benefit Plans.

(d) Termination by Executive Other Than for Good Reason. If the Executive voluntarily terminates his employment during the Employment Period for any reason other than for Good Reason, the Executive's employment shall terminate without further obligations to the Executive, other than for payment of the Accrued Obligation and the Benefit Obligation and the rights provided in Section 6. In such case, the Accrued Obligation shall be paid to the Executive in a lump sum in cash within thirty (30) days after the Date of Termination and the Benefit Obligation shall be paid in accordance with the terms of the applicable Benefit Plans.

## 6. Other Rights.

(a) Except as provided herein, nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Except as otherwise provided herein, amounts which are vested benefits, which vest according to the terms of this Agreement or which the Executive is otherwise entitled to receive under any of the Benefit Plans or any other plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement.

## 7. Full Settlement.

(a) No Rights of Offset. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others.

(b) No Mitigation Required. The Company agrees that, if the Executive's employment with the Company terminates, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to this Agreement. Further, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

8. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies, provided that it shall not apply to information which is or shall become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement), information that is developed by the Executive independently of such information, or knowledge or data or information that is disclosed to the Executive by a third party under no obligation of confidentiality to the Company. After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provision of this Section 8 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

9. Successors.

(a) This Agreement is personal to the Executive and shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(b) In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, amalgamation, scheme of arrangement, exchange offer, operation of law or otherwise (including any purchase, merger, amalgamation, Corporate Transaction or other transaction involving the Company or any subsidiary or Affiliate of the Company), to all or substantially all of the Company's business and/or Company's Assets to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after a Change of Control, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as provided above.

10. Miscellaneous.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO PRINCIPLES OF CONFLICT OF LAWS. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

James M. Hudgins  
515 Post Oak Boulevard  
Houston, Texas 77027

If to the Company:

Weatherford International Ltd.  
515 Post Oak Boulevard  
Houston, Texas 77027  
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right to the Executive or the Company may have hereunder, including without limitation, the right of the Executive to terminate employment for Good Reason shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) This Agreement constitutes the entire agreement and understanding between the parties relating to the subject matter hereof and supersedes all prior agreements between the parties relating to the subject matter hereof, including, without limitation, the Prior Agreements.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name and on its behalf, all as of the day and year first above written.

/s/ JAMES M. HUDGINS

James M. Hudgins

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WEATHERFORD INTERNATIONAL LTD.

By:

/s/ BERNARD J. DUROC-DANNER

Bernard J. Duroc-Danner  
Chairman, President & Chief Executive Officer

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EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is entered into as of February 9, 2009 (the "Effective Date"), by and between Weatherford International, Inc., a Delaware corporation (the "Company"), and James M. Hudgins (the "Executive").

WITNESSETH:

WHEREAS, the Company has determined that it is in the interest of the Company and the shareholders of Weatherford International Ltd. for the Company to commit to provide certain severance benefits to the Executive in the event of his termination of employment under certain conditions;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the parties hereto do hereby agree:

I. Certain Definitions.

(a) "Affiliate" shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.

(b) "Annual Base Salary" shall have the meaning specified in the Employment Agreement.

(c) "Annual Bonus" shall mean the Executive's annual bonus under the annual incentive plan of the Company and any of its Affiliates.

(d) "Annual Bonus Amount" shall mean the sum of (a) the amount of the Annual Bonus, if any, paid or provided in any form (whether in cash, securities or any combination thereof) by the Company or any of its Affiliates to or for the benefit of the Executive for services rendered or labor performed during a fiscal year of the Company and (b) the amount of the discretionary bonus or other bonus paid outside of the Company's annual incentive plan, if any, paid or provided in any form (whether in cash, securities or any combination thereof) by the Company or any of its Affiliates to or for the benefit of the Employee (it being understood that if multiple bonuses are paid for any given year, or if a bonus is made in multiple installments for a year, all such bonuses or installments shall be aggregated as a single payment for that year in determining the Annual Bonus Amount). The Executive's Annual Bonus Amount shall be determined by including any portion thereof that the Executive could have received in cash or securities in lieu of (i) any elective deferrals made by the Executive pursuant to all nonqualified deferred compensation plans or (ii) elective contributions made on the Executive's behalf by the Company pursuant to a qualified cash or deferred arrangement (as defined in section 401(k) of the Code) or pursuant to a plan maintained under section 125 of the Code.

(e) "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

(f) "Board" shall mean the Board of Directors of the Parent.

(g) "Cause" shall mean:

(i) the willful and continued failure of the Executive to substantially perform the Executive's duties with the Parent or the Company (other than any such failure resulting from incapacity due to physical or mental illness or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive pursuant to Section 4(d) of the Employment Agreement), after a written

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demand for substantial performance is delivered to the Executive by the Board which specifically identifies the manner in which the Executive has not substantially performed the Executive's duties, or

(ii) the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Parent or the Company.

No act, or failure to act, on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Parent or the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or of a more senior officer of the Company or based upon the advice of counsel for the Parent (which may be the General Counsel or other counsel employed by the Parent or its subsidiaries) shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Parent or the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive, and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(h) "Change of Control" shall be deemed to have occurred if any event set forth in any one of the following paragraphs shall have occurred:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of twenty percent (20%) or more of either (A) the then outstanding common shares of the Parent (the "Outstanding Parent Common Shares") or (B) the combined voting power of the then outstanding voting securities of the Parent entitled to vote generally in the election of directors (the "Outstanding Parent Voting Securities"), excluding any Person who becomes such a Beneficial Owner in connection with a transaction that complies with clauses (A), (B) and (C) of paragraph (iii) below;

(ii) individuals, who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least two-thirds (2/3) of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Parent's shareholders, was approved by a vote of at least two-thirds (2/3) of the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or any other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) the consummation of a reorganization, merger, amalgamation, consolidation, scheme of arrangement, exchange offer or similar transaction of the Parent or any of its subsidiaries or the sale, transfer or other disposition of all or substantially all of the Parent's Assets (any of which a "Corporate Transaction"), unless, following such Corporate Transaction or series of related Corporate Transactions, as the case may be, (A) all of the individuals and entities (which, for purposes of this Agreement, shall include, without limitation, any corporation, partnership, association, joint-stock company, limited liability company, trust, unincorporated organization or other business entity) who were the beneficial owners, respectively, of the Outstanding Parent Common Shares and Outstanding Parent Voting Securities immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than sixty-six and two-thirds percent (66-2/3%) of, respectively, the then outstanding

common shares and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or other governing body), as the case may be, of the entity resulting from such Corporate Transaction (including, without limitation, an entity which as a result of such transaction owns the Parent or all or substantially all of the Parent's Assets either directly or through one (1) or more subsidiaries or entities) in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Parent Common Shares and the Outstanding Parent Voting Securities, as the case may be, (B) no Person (excluding any entity resulting from such Corporate Transaction or any employee benefit plan (or related trust) of the Parent or such entity resulting from such Corporate Transaction) beneficially owns, directly or indirectly, twenty percent (20%) or more of, respectively, the then outstanding shares of common stock of the entity resulting from such Corporate Transaction or the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership existed prior to the Corporate Transaction and (C) at least two-thirds (2/3) of the members of the board of directors (or other governing body) of the entity resulting from such Corporate Transaction were members of the Incumbent Board at the time of the approval of such Corporate Transaction; or

(iv) Approval or adoption by the Board of Directors or the shareholders of the Parent of a plan or proposal which could result directly or indirectly in the liquidation, transfer, sale or other disposal of all or substantially all of the Parent's Assets or the dissolution of the Parent.

(i) "Disability" shall mean the absence of the Executive from performance of the Executive's duties with the Parent on a substantial basis for one hundred twenty (120) calendar days as a result of incapacity due to mental or physical illness.

(j) "Employment Agreement" shall mean the Executive's employment agreement with the Parent, as it may be amended from time to time.

(k) "Employment Period" shall have the meaning specified in the Employment Agreement.

(l) "Entity" shall mean means any corporation, partnership, association, joint-stock company, limited liability company, trust, unincorporated organization or other business entity.

(m) "ERP" shall mean the Weatherford International Ltd. Nonqualified Executive Retirement Plan, as it may be amended from time to time.

(n) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(o) "Good Reason" shall mean the occurrence of any of the following:

(i) the assignment to the Executive of any position, authority, duties or responsibilities that are not materially consistent with the Executive's position (including status, offices and titles), authority, duties or responsibilities as contemplated by Section 3(a) of the Employment Agreement, or any other action by the Parent or the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose any not taken in bad faith and which is remedied by the Parent or the Company after receipt of notice thereof given by the Executive;

(ii) any failure by the Parent or the Company to comply with any of the provisions of this Agreement or the Employment Agreement (including, without limitation, its obligations under Section 3(a) of the Employment Agreement), other than any failure not occurring in bad faith and which is remedied by the Parent or the Company after receipt of notice thereof given by the Executive;

(iii) any failure by the Parent or the Company to continue to provide the Executive with benefits currently enjoyed by the Executive under any of the Parent's and the Company's compensation, bonus, retirement, pension, savings, life insurance, medical, health and accident, or disability plans, or the taking of any other action by the Parent or the Company which would directly or indirectly reduce any of such benefits or deprive the Executive of any fringe benefits or perquisites currently enjoyed by the Executive;

(iv) the Parent's or the Company's requiring the Executive to be based at any office or location other than as provided in Section 3(a)(i) of the Employment Agreement or the Parent's or the Company's requiring the Executive to travel on business to a substantially greater extent than required immediately prior to the date hereof;

(v) any purported termination by the Parent or the Company of the Executive's employment (including, without limitation, any secondment of the Executive without the Executive's prior express agreement in writing);

(vi) any failure by the Parent to comply with and satisfy Section 10(b) of the Employment Agreement; or

(vii) in connection with, as a result of or following a Change of Control, the giving of notice to the Executive that the Employment Period shall not be extended.

In the event of a Change of Control or other Corporate Transaction in which the Parent's common shares may cease to be publicly traded, following the Change of Control or the consummation of such other Corporate Transaction, "Good Reason" shall be deemed to exist upon the occurrence of any of the events listed in clauses (i) through (vii) above and also in the event Executive is assigned to any position (including status, offices, titles and reporting requirements), authority, duties or responsibilities that are (A) not at or with the publicly-traded ultimate parent company of the successor to the Parent or the corporation or other entity surviving or resulting from such Corporate Transaction or (B) inconsistent with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a) of the Employment Agreement.

For purposes of this Agreement, any good faith determination of "Good Reason" made by the Executive shall be conclusive.

(p) "IRS" shall mean the Internal Revenue Service.

(q) "Parent" shall mean Weatherford International Ltd. or any successor to Weatherford International Ltd., including but not limited to any Entity into which Weatherford International Ltd. is merged, consolidated or amalgamated, or any Entity otherwise resulting from a Corporate Transaction.

(r) "Parent's Assets" shall mean the assets (of any kind) owned by the Parent, including, without limitation, the securities of the Parent's Subsidiaries and any of the assets owned by the Parent's Subsidiaries.

(s) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Parent or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Parent or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering by the Parent of such securities, or (iv) a corporation or other entity owned,

directly or indirectly, by the shareholders of the Parent in the same proportions as their ownership of common shares of the Parent.

(t) "Section 409A" shall mean section 409A of the Internal Revenue Code of 1986, as amended and the final Department of Treasury regulations issued thereunder.

(u) "Separation From Service" shall have the meaning ascribed to such term in Section 409A.

(v) "Specified Employee" shall have the meaning ascribed to such term in Section 409A.

(w) "SRP" shall mean the Weatherford International, Inc. Supplemental Retirement Plan, as it may be amended from time to time.

(x) "Subsidiary" shall mean any majority-owned subsidiary of the Parent or any majority-owned subsidiary thereof, or any other Entity in which the Parent owns, directly or indirectly, a significant financial interest provided that the Chief Executive Officer of the Parent designates such Entity to be a Subsidiary for the purposes of this Agreement.

(y) "Term of the Agreement" shall mean the period commencing on February 9, 2009 and ending on December 31, 2009.

## 2. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Parent determines in good faith that the Disability of the Executive has occurred during the Employment Period, it may provide the Executive with written notice in accordance with the Employment Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Parent shall terminate effective thirty (30) days after receipt of such notice by the Executive (the "Disability Effective Date"), provided that within the thirty (30)-day period after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. In addition, if a physician selected by the Executive determines that the Disability of the Executive has occurred, the Executive (or his representative) may provide the Company with written notice in accordance with the Employment Agreement of the Executive's intention to terminate his employment. In such event, the Disability Effective Date shall be thirty (30) days after receipt of such notice by the Company.

(b) Cause. The Parent may terminate the Executive's employment during the Employment Period for Cause.

(c) Good Reason. The Executive's employment may be terminated by the Executive at any time during the Employment Period for Good Reason.

(d) Notice of Termination. Any termination during the Employment Period shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 11(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement or the Employment Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date, in the case of a notice by the Company, shall be not more than

30 days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Date of Termination. "Date of Termination" shall mean:

- (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be;
- (ii) if the Executive's employment is terminated by the Company or the Parent other than for Cause, the Date of Termination shall be the date on which the Executive receives notice of such termination; and
- (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

### 3. Obligations of the Company Upon Termination.

(a) Death, Disability, Good Reason or Other than For Cause. If, during the Employment Period and prior to the expiration of the Term of the Agreement, the Executive's employment is terminated by reason of the Executive's death or Disability, by the Parent or the Company for any reason other than for Cause or by the Executive for Good Reason:

(i) The Company shall pay to the Executive (or Executive's heirs, beneficiaries or representatives as applicable), at the times specified in clause (x), the following amounts:

(A) an amount equal to the Executive's Annual Base Salary through the Date of Termination for periods following his Separation From Service to the extent not theretofore paid;

(B) an amount equal to the product of (x) the higher of (I) the highest Annual Bonus Amount for the preceding five (5) calendar years and (II) the Annual Bonus Amount that would be payable in respect of the current fiscal year (and annualized for any fiscal year consisting of less than twelve (12) months) (such higher amount being referred to as the "Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is three hundred sixty-five (365);

(C) an amount equal to two times the sum of (i) the highest Annual Base Salary received by the Executive in the last five (5) years ended prior to the Termination Date and (ii) the Highest Annual Bonus;

(D) an amount equal to two times the sum of (i) the total of the employer basic and matching contributions credited to the Executive under the Company's 401(k) Savings Plan (the "401(k) Plan") during the twelve (12)-month period immediately preceding the month of the Executive's Date of Termination, and (ii) the amount that would have been credited and contributed to the Executive and his accounts under all other deferred compensation plans (excluding the ERP and the SRP) using the amounts specified in clauses (i) and (ii) of Section 3(a)(i)(C), such total amount to be grossed up so that the amount the Executive actually receives after payment of any federal or state taxes payable thereon equals the amount first described above; and

(E) the total value of all fringe benefits received by the Executive on an annualized basis multiplied by two (2).

(ii) For a period of two (2) years from the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and the Executive's family equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 3(b)(iv) of the Employment Agreement if the Executive's employment had not been terminated; provided, however, that with respect to any of such plans, programs, practices or policies requiring an employee contribution, the Executive (or Executive's heirs or beneficiaries as applicable) shall continue to pay the monthly employee contribution for same, and provided further, that if the Executive becomes re-employed by another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. If any of the dental, accident, health insurance or other benefits specified in this Section 3(a)(ii) are taxable to the Executive and are not exempt from Section 409A, the following provisions shall apply to the reimbursement or provision of such benefits. The Executive shall be eligible for reimbursement for covered welfare expenses, or for the provision of such benefits on an in-kind basis, during the period commencing on Executive's Date of Termination and ending on the third anniversary of such date. The amount of such welfare benefit expenses eligible for reimbursement or the in-kind benefits provided under this Section 3(a)(ii), during the Executive's taxable year will not affect the expenses eligible for reimbursement, or the benefits to be provided, in any other taxable year (with the exception of applicable lifetime maximums applicable to medical expenses or medical benefits described in Section 105(b) of the Code). The Executive's right to reimbursement or direct provision of benefits under this Section 3(a)(ii) is not subject to liquidation or exchange for another benefit. To the extent that the benefits provided to the Executive pursuant to this Section 3(a)(ii) are taxable to the Executive and are not otherwise exempt from Section 409A, any reimbursement amounts to which the Executive would otherwise be entitled under this Section 3(a)(ii) during the first six months following the date of the Executive's Separation From Service shall be accumulated and paid to the Executive on the date that is six months following the date of his Separation From Service. All reimbursements by the Company under this Section 3(a)(ii) shall be paid no later than the earlier of (i) the time periods described above and (ii) the last day of the Executive's taxable year following the taxable year in which the expense was incurred.

(iii) All benefits and amounts under the Company's deferred compensation plan and all other benefit plans (except as specifically provided for in Section 4(b) below), not already vested shall become immediately one hundred percent (100%) vested as of the Date of Termination. All options to acquire common shares of the Parent, all restricted common shares of the Parent, and all share appreciation rights the value of which is determined by reference to or based upon the value of common shares of the Parent, held by the Executive under any plan of the Company or its affiliated companies shall become immediately vested, exercisable and nonforfeitable. The effect, if any, of a Change of Control on any other equity incentives and other awards the value of which is determined by reference to or based upon the value of common shares of the Parent shall be determined in accordance with the terms of the applicable award agreement.

(iv) The Company shall, at its sole expense as incurred, provide the Executive with reasonable outplacement services from a provider selected by the Executive in his sole discretion. The Company shall directly pay the provider the fees for such outplacement services. The period during which such outplacement services shall be provided to the Executive at the expense of the Company shall not extend beyond the last day of the second taxable year of the Executive following the taxable year of the Executive during which he incurs a Separation From Service.

(v) At the time specified in clause (x) below, ownership of all country club memberships, luncheon clubs and other memberships which the Company was providing for the Executive's or his family's use prior to the time that the Notice of Termination is given shall be transferred and assigned to the Executive at no cost to the Executive (other than ordinary income taxes owed), the cost of transfer, if any, to be borne by the Company.

(vi) At the time specified in clause (x) below, the Company shall pay the Executive a lump sum in cash equal to the Executive's annual car allowance multiplied by two (2).

(vii) To the extent not already paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (collectively, the "Other Benefits").

(viii) If the Executive's employment is terminated by reason of the Executive's death, the Other Benefits (as defined in this Section) shall also include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and its affiliated companies to the estates and beneficiaries of the executive officers of the Company and such affiliated companies under such plans, programs, practices and policies relating to death benefits, if any, in effect on the date hereof or, if more favorable, those in effect on the date of the Executive's death.

(ix) If the Executive's employment is terminated by reason of the Executive's Disability, the Other Benefits (as defined in this Section) shall also include, without limitation, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits at least equal to the most favorable benefits generally provided by the Company and its affiliated companies to the Executive's disabled peer executive officers and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, in effect generally on the date hereof or, if more favorable, those in effect at the time of the Disability.

(x) The Company shall pay or provide to the Executive the amounts or benefits specified in Sections 3(a)(i)(A), 3(a)(i)(B), 3(a)(i)(C), 3(a)(i)(D) and 3(a)(i)(E), and Sections 3(a)(v) and 3(a)(vi) 30 days following the date of the Executive's Separation From Service if he is not a Specified Employee on the date of his Separation From Service or on the date that is six months following the date of his Separation From Service if he is a Specified Employee.

(xi) If the Executive is a Specified Employee, on the date that is six months following the Executive's Separation From Service, the Company shall pay to the Executive, in addition to the amounts reflected in clause (x), an amount equal to the interest that would be earned on the amounts specified in Sections 3(a)(i)(A), 3(a)(i)(B), 3(a)(i)(C), 3(a)(i)(D) and 3(a)(i)(E) and, to the extent subject to a mandatory six-month delay in payment, all amounts payable under the ERP and the SRP, for the period commencing on the date of the Executive's Separation From Service until the date of payment of such amounts, calculated using an interest rate of five percent per annum (the "Interest Amount").

(xii) Notwithstanding any other provision of this Agreement to the contrary, the amount of the payment under each of Sections 3(a)(i)(B), 3(a)(i)(C), 3(a)(i)(D) and 3(a)(i)(E) shall not exceed the amount that would have been paid to the Executive had his Date of Termination occurred on December 31, 2008.

(b) Cause. If the Executive's employment is terminated for Cause during the Employment Period and prior to the expiration of the Term of the Agreement, this Agreement shall terminate without

further obligations to the Executive, other than the obligation to pay to the Executive (x) his Annual Base Salary through the Date of Termination for periods following his Separation From Service on the date that is 30 days following the date of the Employee's Separation From Service if he is not a Specified Employee or on the date that is six months following the date of his Separation From Service if he is a Specified Employee, and (y) Other Benefits, to the extent theretofore unpaid.

(c) Termination by Executive Other Than for Good Reason. If the Executive voluntarily terminates his employment during the Employment Period and prior to the expiration of the Term of the Agreement for any reason other than for Good Reason, the Executive's employment shall terminate without further obligations to the Executive, other than (x) the obligation to pay to the Executive his Annual Base Salary through the Date of Termination for periods following his Separation From Service, (y) Other Benefits and (z) the rights provided in Section 4. The Company shall pay to the Executive the amount specified in clause (x) on the date that is 30 days following the date of the Employee's Separation From Service if he is not a Specified Employee or on the date that is six months following the date of his Separation From Service if he is a Specified Employee.

#### 4. Other Rights.

(a) Except as provided herein, nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any plan, contract or agreement with the Company or any of its affiliated companies. Except as otherwise expressly provided herein, amounts which are vested benefits, which vest according to the terms of this Agreement or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies prior to, at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice, program, contract or agreement. If any severance payments are required to be paid to the Executive in conjunction with severance of employment under federal, state or local law, the severance payments paid to the Executive under this Agreement will be deemed to be in satisfaction of any such statutorily required benefit obligations to the extent that doing so would not result in an acceleration of payment of nonqualified deferred compensation that is prohibited under Section 409A.

(b) Solely with respect to the ERP and the SRP, if the Executive's employment is terminated for any reason whatsoever, with or without Cause, and no Change of Control has occurred or is pending, any ERP or SRP benefits payable shall only be those that are payable, if any, under the terms of the ERP or SRP as of the Date of Termination.

#### 5. Full Settlement.

(a) No Rights of Offset. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others.

(b) No Mitigation Required. The Company agrees that, if the Executive's employment with the Company terminates, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to this Agreement. Further, except as specified in Section 3(a)(ii), the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by the Executive as the result of

employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

(c) Legal Fees. The Company agrees to pay promptly as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company or the Executive of the validity or enforceability of, or liability under, any provision of this Agreement or the Employment Agreement or any guarantee of performance thereto (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement or the Employment Agreement). The legal fees or expenses that are subject to reimbursement pursuant to this Section 5(c) shall not be limited as a result of when the fees or expenses are incurred. The amount of legal fees or expenses that is eligible for reimbursement pursuant to this Section 5(c) during a given taxable year of the Executive shall not affect the amount of expenses eligible for reimbursement in any other taxable year of the Executive. The right to reimbursement pursuant to this Section 5(c) is not subject to liquidation or exchange for another benefit. Any amount to which the Executive is entitled to reimbursement under this Section 5(c) during the first six months following the date of the Executive's Separation From Service shall be accumulated and paid to the Executive on the date that is six months following the date of his Separation From Service. All reimbursements by the Company under this Section 5(c) shall be paid no later than the earlier of (i) the time periods described above and (ii) the last day of the Executive's taxable year next following the taxable year in which the expense was incurred.

#### 6. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding, if it shall be determined that any payment or distribution by the Parent, the Company or any of their affiliated companies to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement, any other plan, agreement or contract or otherwise, but determined without regard to any additional payments required under this Section 6) (a "Payment") would be subject to any additional tax or excise tax imposed by sections 409A, 457A or 4999 of the Code (and any successor provisions or sections to sections 409A, 457A and 4999) or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to promptly receive from the Company an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Any Gross Up Payment shall be made by the Company at least 10 days prior to the date that the Executive is required to remit to the relevant taxing authority any federal, state and local taxes imposed upon the Executive, including the amount of additional taxes imposed upon the Executive due to the Company's payment of the initial taxes on such amounts. Notwithstanding any provision of this Agreement to the contrary, any amounts to which the Executive would otherwise be entitled under this Section 6(a) during the first six months following the date of the Executive's Separation From Service shall be accumulated and paid to the Executive on the date that is six months following the date of his Separation From Service. All reimbursements by the Company under this Section 6(a) be paid no later than the earlier of (i) the time periods described above and (ii) the last day of the Executive's taxable year next following the taxable year in which the expense was incurred.

(b) Subject to the provisions of Section 6(c), all determinations required to be made under this Section 6, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination shall be made by

PricewaterhouseCoopers or, as provided below, such other certified public accounting firm as may be designated by the Executive (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days after the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change of Control, the Executive shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 6, shall be paid by the Company to the Executive within five (5) days after the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm, absent manifest error, shall be binding upon the Company and the Executive, subject to the last sentence of Section 6(a), and in no event later than the payment deadline specified in Section 6(a). As a result of the uncertainty in the application of section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 6(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive, subject to the last sentence of Section 6(a), and in no event later than the payment deadline specified in Section 6(a).

(c) The Executive shall notify the Company in writing of any claim by the IRS that, if successful, would require the payment by the Company of the Gross-Up Payment (or an additional Gross-Up Payment) in the event the IRS seeks higher payment. Such notification shall be given as soon as practicable, but no later than ten business days after the Executive is informed in writing of such claim, and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty (30)-day period following the date on which he gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

- (i) give the Company any information reasonably requested by the Company relating to such claim,
- (ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,
- (iii) cooperate with the Company in good faith in order to effectively contest such claim, and
- (iv) permit the Company to participate in any proceedings relating to such claims; provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred at any time during the period that ends ten years following the lifetime of the Executive in connection with such proceedings and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 6(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such

claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. The Company shall not direct the Executive to pay such a claim and sue for a refund if, due to the prohibitions of section 402 of the Sarbanes-Oxley Act of 2002, the Company may not advance to the Executive the amount necessary to pay such claim. All such costs and expenses shall be made by the Company at least 10 days prior to the date that the Executive is required to pay or incur such costs and expenses. The costs and expenses that are subject to be paid by the Company pursuant to this Section 6(c) shall not be limited as a result of when the costs or expenses are incurred. The amounts of costs or expenses that are eligible for payment pursuant to this Section 6(c)(iv) during a given taxable year of the Executive shall not affect the amount of costs or expenses eligible for payment in any other taxable year of the Executive. The right to payment of costs and expenses pursuant to this Section 6(c)(iv) is not subject to liquidation or exchange for another benefit. Notwithstanding any provision of this Agreement to the contrary, any amounts to which the Executive would otherwise be entitled under this Section 6(c)(iv) during the first six months following the date of the Employee's Separation From Service shall be accumulated and paid to the Executive on the date that is six months following the date of his Separation From Service. All reimbursements by the Company under this Section 6(c)(iv) shall be paid no later than the earlier of (i) the time periods described above and (ii) the last day of the Executive's taxable year next following the taxable year in which the expense was incurred.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 6(c), the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 6(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 6(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty (30) days after such determination, then such advance shall not be required to be repaid.

(e) Any provision in this Agreement or any other plan or agreement to the contrary notwithstanding, if the Company is required to pay a Gross-Up Payment pursuant to the provisions of this Agreement and pursuant to the provisions of another plan or agreement, then the Company shall pay the total of the amounts determined pursuant to this Agreement and the provisions of such other plan or agreement.

**7. Confidential Information.** The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies, provided that it shall not apply to information which is or shall become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement), information that is developed by the Executive independently of such information, or knowledge or data or information that

is disclosed to the Executive by a third party under no obligation of confidentiality to the Company. After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provision of this Section 9 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

8. Disputed Payments And Failures To Pay. If the Company fails to make a payment under this Agreement in whole or in part as of the payment date specified in this Agreement, either intentionally or unintentionally, other than with the consent of the Employee, the Company shall owe the Employee interest on the delayed payment at the applicable Federal rate provided for in section 7872(f)(2)(A) of the Code if the Employee (i) accepts the portion (if any) of the payment that the Company is willing to make (unless such acceptance will result in a relinquishment of the claim to all or part of the remaining amount) and (ii) makes prompt and reasonable good faith efforts to collect the remaining portion of the payment. Any such interest payments shall become due and payable effective as of the applicable payment date(s) specified in Section 3 with respect to the delinquent payment(s) due under Section 3.

9. Funding. The Executive shall have no right, title, or interest whatsoever in or to any assets of the Company or any investments which the Company may make to aid it in meeting its obligations under this Agreement. The Executive's right to receive payments under this Agreement shall be no greater than the right of an unsecured general creditor of the Company. Immediately prior to a Change in Control, the Company shall create an irrevocable grantor trust (the "Rabbi Trust") which shall be subject to the claims of creditors of the Company. In the event that the Executive is a Specified Employee at the time he incurs a Separation From Service or at the time the Company determines that it is reasonably likely that the Executive will incur a Separation From Service in connection with a Change in Control, then immediately upon the Executive's Separation From Service or, if earlier, the date on which the Company makes a determination that the Executive is reasonably likely to incur a Separation From Services in connection with a Change in Control, the Company shall transfer to the Rabbi Trust cash sufficient (on an undiscounted basis) to pay the cash amounts specified in Sections 3(a)(i)(A), 3(a)(i)(B), 3(a)(i)(C), 3(a)(i)(D) and 3(a)(i)(E), the estimated amount of the Gross-Up Payment to be made under Section 6 and the Interest Amount. The cash amounts specified in Sections 3(a)(i)(A), 3(a)(i)(B), 3(a)(i)(C), 3(a)(i)(D) and 3(a)(i)(E), the Gross-Up Payment and the Interest Amount shall be paid from the Rabbi Trust on the dates specified in Sections 3 and 6 herein, provided that the Company shall remain liable to pay any all amounts which for any reason are not paid from the Rabbi Trust. The trustee of the Rabbi Trust shall be a bank or trust company selected by the Company and approved by the Executive (in his sole discretion) prior to the Change in Control.

10. Successors.

(a) This Agreement is personal to the Executive and shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, amalgamation, scheme of arrangement, exchange offer, operation of law or otherwise (including any purchase, merger, amalgamation, Corporate Transaction or other transaction involving the Parent,

Company or any subsidiary or Affiliate of the Company), to all or substantially all of the Company's or Parent's business and/or the Parent's Assets or the Company's assets to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason after a Change of Control, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as provided above.

11. Miscellaneous.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO PRINCIPLES OF CONFLICT OF LAWS. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:                     James M. Hudgins  
   515 Post Oak Boulevard  
   Houston, Texas 77027

If to the Company:                     Weatherford International, Inc.  
   515 Post Oak Boulevard  
   Houston, Texas 77027  
   Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right to the Executive or the Company may have hereunder, including without limitation, the right of the Executive to terminate employment for Good Reason shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) This Agreement constitutes the entire agreement and understanding between the parties relating to the subject matter hereof and supersedes all prior agreements between the parties relating to the subject matter hereof, including, without limitation, the Prior Agreements.

(g) Notwithstanding any other provision of this Agreement, no benefits or payments hereunder shall be provided or paid following December 31, 2010.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name and on its behalf, all as of the day and year first above written.

/s/ JAMES M. HUDGINS  
James M. Hudgins

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WEATHERFORD INTERNATIONAL, INC.

By:

/s/ BERNARD J. DUROC-DANNER  
Bernard J. Duroc-Danner  
President

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**INDEMNIFICATION AGREEMENT**

THIS AGREEMENT is made on the 4th day of September, 2002

BETWEEN:

**Weatherford International Ltd.**, a company incorporated under the laws of Bermuda with its registered office located at Clarendon House, 2 Church Street, Hamilton, Bermuda (the "Company"); and

James M. Hudgins (the "Indemnitee").

WHEREAS the Indemnitee is an officer of the Company;

WHEREAS highly skilled and competent persons are becoming more reluctant to serve public companies as directors or officers unless they are provided with adequate protection through insurance and indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of such companies;

WHEREAS uncertainties relating to indemnification increase the difficulty of attracting and retaining such persons;

WHEREAS the Board has determined that an inability to attract and retain such persons is detrimental to the best interests of the Company and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify Indemnitee to the fullest extent permitted by Bermuda law so that Indemnitee will serve or continue to serve the Company free from undue concern that Indemnitee will not be so indemnified;

WHEREAS, Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

**1. INTERPRETATION**

1.1 In this Agreement unless the context otherwise requires, the following words and expressions shall have the following meanings:

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this "Agreement" means this Indemnification Agreement;

the "Board" means the board of directors of the Company;

"Business Day" means any day on which banks in Bermuda are open for business;

the "Companies Act" means the Companies Act 1981;

"Corporate Status" means the status of a person who is or was a director, officer, employee, agent, or fiduciary of the Company or any other Group Company, or is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of any other company, corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other entity or enterprise;

"the Court" means the Supreme Court of Bermuda;

"Disinterested Director" means a director of the Company who is not or was not a party to a Proceeding in respect of which indemnification is sought by Indemnitee;

"Group Companies" means the Company and each subsidiary of the Company (wherever incorporated or organized);

"Independent Counsel" means a law firm or a member of a law firm that neither is presently nor in the past five years has been retained to represent: (i) the Company or Indemnitee in any matter material to either such party, or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's right to indemnification under this Agreement;

the "Parties" means the parties to this Agreement collectively, and "Party" means any one of them; and

"Proceeding" means any action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding whether civil, criminal, administrative or investigative and whether formal or informal;

1.2 In this Agreement unless the context otherwise requires:

- 1.2.1 references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other provisions from time to time and shall include references to any provisions of which they are re-enactments (whether with or without modification);
- 1.2.2 references to clauses and schedules are references to clauses hereof and schedules hereto; references to sub-clauses or paragraphs are, unless otherwise stated, references to sub-clauses of the clause or paragraphs of the schedule in which the reference appears;
- 1.2.3 references to the singular shall include the plural and vice versa and references to the masculine shall include the feminine and/or neuter and vice versa; and
- 1.2.4 references to persons shall include companies, partnerships, associations and bodies of persons, whether incorporated or unincorporated.

## **2. AGREEMENT TO SERVE**

Indemnitee agrees to continue to serve as an officer of the Company. This Agreement does not create or otherwise establish any right on the part of Indemnitee to be and continue to be elected or appointed an officer of the Company or any other Group Company and does not create an employment contract between the Company and Indemnitee.

## **3. INDEMNITY OF DIRECTOR/OFFICER**

3.1 Subject to clause 10, the Company shall indemnify Indemnitee if Indemnitee is a party or is threatened to be made a party to any threatened, pending or completed Proceeding, including a Proceeding brought by or in the right of the Company, by reason of the fact that Indemnitee is or was a director, officer, employee, agent, or fiduciary of the Company or is or was serving at the request of the Company as a director, officer, employee, agent, or fiduciary of any other company, corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other entity or enterprise or by reason of anything done or not done by Indemnitee in any such capacity. Subject to clause 10, pursuant to this sub-clause 3.1 Indemnitee shall be indemnified against expenses (including attorneys' fees and disbursements), judgments, penalties, fines and

amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with such Proceeding (including, but not limited to, the investigation, defense, settlement or appeal thereof).

3.2 Notwithstanding any other provision of this Agreement other than clause 10, Indemnitee shall be indemnified against all expenses (including attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in defending any Proceedings referred to in clause 3.1 in which judgement is given in his favour, in which he is acquitted, or in respect of which relief is granted to him by the Court under section 281 of the Companies Act.

3.3 Subject to clause 10, the Company shall indemnify Indemnitee for such portion of the expenses (including attorneys' fees), witness fees, damages, judgments, fines and amounts paid in settlement and any other amounts that Indemnitee becomes legally obligated to pay in connection with any Proceeding referred to in clause 3.1 in respect of which Indemnitee is entitled to indemnification hereunder, even if Indemnitee is not entitled to indemnification hereunder for the total amount thereof.

3.4 Without limiting the scope of the indemnity provided under any other provision of this Agreement, if the Indemnitee has reason to apprehend that any claim will or might be made against him in respect of any negligence, default, breach of duty or breach of trust, he may apply to the Court for relief pursuant to section 281 of the Companies Act and, to the extent that the Court relieves him, either wholly or partly, from his liability in accordance with section 281 of the Companies Act, the Indemnitee shall be indemnified against any liability incurred by him in defending any Proceedings in accordance with paragraph 98(2)(b) of the Companies Act.

#### **4. INDEMNIFICATION FOR EXPENSES OF A WITNESS**

Subject to clause 10, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness in any proceeding, Indemnitee shall be indemnified by the Company against all expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

#### **5. DETERMINATION OF ENTITLEMENT TO INDEMNIFICATION**

5.1 The Indemnitee shall request indemnification pursuant to this Agreement by notice in writing to the secretary of the Company. The secretary shall, promptly upon receipt of Indemnitee's request for indemnification, advise in writing the Board or such other person or persons empowered to make the determination as provided in sub-clause 5.2 that Indemnitee has made such request for indemnification. Subject to clause 10, upon making such request for indemnification, Indemnitee shall be presumed to be entitled to

indemnification hereunder and the Company shall have the burden of proof in the making of any determination contrary to such presumption.

5.2 Upon written request by Indemnitee for indemnification pursuant to sub-clause 3.1, the entitlement of the Indemnitee to indemnification pursuant to the terms of this Agreement shall be determined by the following person or persons who shall be empowered to make such determination:

5.2.1 the Board, by a majority vote of the Disinterested Directors; or

5.2.2 if such vote is not obtainable or, even if obtainable, if such Disinterested Directors so direct by majority vote, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or

5.2.3 by a majority vote of the shareholders.

5.3 For purposes of sub-clause 5.2, Independent Counsel shall be selected by the Board and approved by Indemnitee. Upon failure of the Board to so select such Independent Counsel or upon failure of Indemnitee to so approve, such Independent Counsel shall be selected by a single arbitrator pursuant to the rules of the American Arbitration Association. Such determination of entitlement to indemnification shall be made not later than 60 days after receipt by the Company of a written request for indemnification. Such request shall include documentation or information which is necessary for such determination and which is reasonably available to Indemnitee. Subject to clause 10, any expenses (including attorneys' fees) incurred by Indemnitee in connection with Indemnitee's request for indemnification hereunder shall be borne by the Company irrespective of the outcome of the determination of Indemnitee's entitlement to indemnification. If the person or persons making such determination shall determine that Indemnitee is entitled to indemnification as to part (but not all) of the application for indemnification, such persons may reasonably prorate such partial indemnification among such claims, issues or matters in respect of which indemnification is requested.

## **6. ADVANCEMENT OF EXPENSES**

All reasonable expenses incurred by Indemnitee (including attorneys' fees, retainers and advances of disbursements required of Indemnitee) shall be paid by the Company in advance of the final disposition of any Proceeding at the request of Indemnitee as promptly as possible, and in any event within twenty days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time. Indemnitee's entitlement to such expenses shall include those incurred in connection with any Proceeding by Indemnitee seeking an adjudication

or award in arbitration pursuant to this Agreement. Such statement or statements shall reasonably evidence the expenses incurred by Indemnitee in connection therewith and shall include or be accompanied by an undertaking by or on behalf of Indemnitee to repay such amount if it is ultimately determined that Indemnitee is not entitled to be indemnified against such expenses by the Company as provided by this Agreement or otherwise. Subject to clause 10, the Company shall have the burden of proof in any determination under this clause 6. No amounts advanced hereunder shall be deemed an extension of credit by the Company to Indemnitee.

#### **7. REMEDIES OF INDEMNITEE IN CASES OF DETERMINATION NOT TO INDEMNIFY OR TO ADVANCE EXPENSES**

7.1 In the event that: (a) a determination is made that Indemnitee is not entitled to indemnification hereunder; (b) payment has not been timely made following a determination of entitlement to indemnification pursuant to clause 5; or (c) expenses are not advanced pursuant to clause 6, Indemnitee shall be entitled to apply to the Court or any other court of competent jurisdiction for a determination of Indemnitee's entitlement to such indemnification or advance.

7.2 Alternatively to sub-clause 7.1, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association, such award to be made within sixty days following the filing of the demand for arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration or any other claim.

7.3A judicial proceeding or arbitration pursuant to this clause 7 shall be made de novo and Indemnitee shall not be prejudiced by reason of a determination otherwise made hereunder (if so made) that Indemnitee is not entitled to indemnification. Subject to clause 10, if a determination is made pursuant to the terms of clause 5 that Indemnitee is entitled to indemnification, the Company shall be bound by such determination and is precluded from asserting that such determination has not been made or that the procedure by which such determination was made is not valid, binding and enforceable. If the court or arbitrator shall determine that Indemnitee is entitled to any indemnification hereunder, the Company shall pay all reasonable expenses (including attorneys' fees and disbursements) actually incurred by Indemnitee in connection with such adjudication or award in arbitration (including, but not limited to, any appellate proceedings).

#### **8. OTHER RIGHTS TO INDEMNIFICATION**

The indemnification and advancement of expenses (including attorneys' fees) provided by this Agreement shall not be deemed exclusive of any other right to which Indemnitee may now or in the future be entitled under any provision of the Company's bye-laws, any agreement, vote of shareholders, the Board or Disinterested Directors, provision of law, or otherwise; provided, however, that: (a) this Agreement supersedes any other

agreement that has been entered into by the Company with the Indemnitee which has as its principal purpose the indemnification of Indemnitee (except that this Agreement shall not supersede that certain Indemnification Agreement entered into on or about the date hereof between Indemnitee and Weatherford International, Inc., a subsidiary of the Company, it being the intention of the Parties that Indemnitee shall be entitled to the indemnification provided under either or both agreements to the fullest extent permitted by law); and (b) where the Company may indemnify the Indemnitee pursuant to either this Agreement or the bye-laws of the Company, the Company may indemnify the Indemnitee under either this Agreement or the bye-laws but the Indemnitee shall, in no case, be indemnified by the Company in respect of any expense, liability or cost of any type for which payment is or has been actually made to Indemnitee under any insurance policy, indemnity clause, bye-law or agreement, except in respect of any excess beyond such payment.

#### **9. ATTORNEYS' FEES AND OTHER EXPENSES TO ENFORCE AGREEMENT**

In the event that Indemnitee is subject to or intervenes in any Proceeding in which the validity or enforceability of this Agreement is at issue or seeks an adjudication or award in arbitration to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee, if Indemnitee prevails in whole or in part in such action, shall be entitled to recover from the Company and shall be indemnified by the Company against, any actual expenses for attorneys' fees and disbursements reasonably incurred by Indemnitee, provided that in bringing such action, Indemnitee acted in good faith.

#### **10. LIMITATION OF INDEMNIFICATION**

Notwithstanding any other terms of this Agreement, nothing herein shall indemnify the Indemnitee against, or exempt the Indemnitee from, any liability in respect of the Indemnitee's fraud or dishonesty.

#### **11. LIABILITY INSURANCE**

To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer.

#### **12. DURATION OF AGREEMENT**

This Agreement shall apply with respect to Indemnitee's occupation of any of the position(s) described in sub-clause 3.1 of this Agreement prior to the date of this Agreement and with respect to all periods of such service after the date of this Agreement, even though the Indemnitee may have ceased to occupy such positions(s).

### 13. NOTICE OF PROCEEDINGS BY INDEMNITEE

13. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding which may be subject to indemnification hereunder, provided, however, that the failure to so notify the Company will not relieve the Company from any liability it may have to Indemnitee except to the extent that such failure materially prejudices the Company's ability to defend such claim. With respect to any such Proceeding as to which Indemnitee notifies the Company of the commencement thereof:

13.1.1 the Company will be entitled to participate therein at its own expense; and

13.1.2 except as otherwise provided below, to the extent that it may wish, the Company jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof, with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election so to assume the defense thereof, the Company will not be liable to Indemnitee under this Agreement for any legal or other expenses subsequently incurred by Indemnitee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ Indemnitee's own counsel in such Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of Indemnitee and not subject to indemnification hereunder unless (a) the employment of counsel by Indemnitee has been authorized by the Company; (b) in the reasonable opinion of counsel to Indemnitee there is or may be a conflict of interest between the Company and Indemnitee in the conduct of the defense of such Proceeding; or (c) the Company shall not in fact have employed counsel to assume the defense of such action, in each of which cases, subject to clause 10, the fees and expenses of counsel shall be at the expense of the Company.

13. Neither the Company nor the Indemnitee shall settle any claim without the prior written consent of the other (which shall not be unreasonably withheld).

### 14. NOTICES

Any notice required to be given hereunder shall be in writing in the English language and shall be served by sending the same by prepaid recorded post, facsimile or by delivering the same by hand to the address of the Party or Parties in question as set out below (or such other address as such Party or Parties shall notify the other Parties of in accordance with this clause). Any notice sent by post as provided in this clause shall be deemed to have been served five Business Days after despatch and any notice sent by facsimile as



15. This Agreement (together with any documents referred to herein) constitutes the whole agreement between the Parties relating to its subject matter and supersedes any prior indemnification arrangement between the Company (or its predecessor) and Indemnitee (except as specifically set forth in clause 8).
15. No provision in this Agreement may be amended unless such amendment is agreed to in writing, signed by the Indemnitee and by a duly authorised officer of the Company. No waiver by either Party of any breach by the other Party of any condition or provision of this Agreement to be performed by such other Party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time. Any waiver must be in writing and signed by the Indemnitee or a duly authorised officer of the Company, as the case may be.
15. The headings in this Agreement are inserted for convenience only and shall not affect the construction of this Agreement.
15. This Agreement may be executed in counterparts each of which when executed and delivered shall constitute an original but all such counterparts together shall constitute one and the same instrument.
15. The terms and conditions of this Agreement and the rights of the parties hereunder shall be governed by and construed in all respects in accordance with the laws of the Islands of Bermuda. The parties to this Agreement hereby irrevocably agree that the courts of Bermuda shall have non-exclusive jurisdiction in respect of any dispute, suit, action, arbitration or proceedings ("Agreement Proceedings") which may arise out of or in connection with this Agreement and waive any objection to Agreement Proceedings in the courts of Bermuda on the grounds of venue or on the basis that the Agreement Proceedings have been brought in an inconvenient forum.
15. All payments made by the Company to Indemnitee hereunder shall be deemed to have been made in the ordinary course of business of the Company, and shall not be deemed to be extraordinary payments.

IN WITNESS WHEREOF, the undersigned, intending to be bound hereby, have duly executed this Agreement as of the date first written above.

SIGNED by and on behalf of THE COMPANY in the presence of: ) ) )  
/s/ Burt M. Martin  
Name: Burt M. Martin  
Title: Sr. Vice President

Witness: /s/ Kathleen Marino  
Name: Kathleen Marino

SIGNED by THE INDEMNITEE in the presence of: ) ) )  
/s/ James M. Hudgins  
Name: James M. Hudgins

Witness: /s/ Kathy Elledge  
Name: Kathy Elledge

**INDEMNIFICATION AGREEMENT**

This INDEMNIFICATION AGREEMENT made and entered into effective as of September 4, 2002, ("Agreement"), by and between WEATHERFORD INTERNATIONAL, INC., a Delaware corporation ("Company"), and James M. Hudgins ("Indemnitee").

**WITNESSETH:**

WHEREAS, highly skilled and competent persons are becoming more reluctant to serve public corporations as directors or officers unless they are provided with adequate protection through insurance and indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation; and

WHEREAS, uncertainties relating to indemnification have increased the difficulty of attracting and retaining such persons; and

WHEREAS, the Board of Directors has determined that the inability to attract and retain such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future; and

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify Indemnitee to the fullest extent permitted by applicable law so that Indemnitee will serve or continue to serve the Company free from undue concern that Indemnitee will not be so indemnified; and

WHEREAS, Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services by Indemnitee. Indemnitee agrees to continue to serve as a director and/or officer of the Company. This Agreement does not create or otherwise establish any right on the part of Indemnitee to be and continue to be nominated to be a director and/or officer of the Company and does not create an employment contract between the Company and Indemnitee.

Section 2. Indemnification. The Company shall indemnify Indemnitee to the fullest extent permitted by applicable law in effect on the date hereof or as such laws may from time to time be amended. Without diminishing the scope of the indemnification provided by this Section 2, the rights of indemnification of Indemnitee provided hereunder shall include but shall not be limited to those rights, except to the extent expressly prohibited by applicable law.

Section 3. Action or Proceeding Other Than an Action by or in the Right of the Company. Indemnitee shall be entitled to the indemnification rights provided in this Section 3 if Indemnitee is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative in nature, other

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than an action by or in the right of the Company, by reason of the fact that Indemnitee is or was a director, officer, employee, agent, or fiduciary of the Company or is or was serving at the request of the Company as a director, officer, employee, agent, or fiduciary of any other entity or by reason of anything done or not done by him or her in any such capacity. Pursuant to this Section 3, Indemnitee shall be indemnified against expenses (including attorneys' fees and disbursements), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with such action, suit or proceeding (including, but not limited to, the investigation, defense or appeal thereof), if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 4. Actions by or in the Right of the Company. Indemnitee shall be entitled to the indemnification rights provided in this Section 4 if Indemnitee was or is made a party or is threatened to be made a party to any threatened, pending or completed action or suit brought by or in the right of the Company to procure a judgment in its favor by reason of the fact that Indemnitee is or was a director, officer, employee, agent, or fiduciary of the Company or is or was serving at the request of the Company as a director, officer, employee, agent, or fiduciary of any other entity by reason of anything done or not done by Indemnitee in any such capacity. Pursuant to this Section 4 Indemnitee shall be indemnified against expenses (including attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee in connection with such action or suit (including, but not limited to, the investigation, defense, settlement or appeal thereof) if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; provided, however, that no such indemnification shall be made in respect of any claim, issue or matter as to which applicable law expressly prohibits such indemnification by reason of an adjudication of liability of Indemnitee to the Company, unless, and only to the extent that, the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite such adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such expenses as such court shall deem proper.

Section 5. Indemnification for Expenses of Successful Party. Notwithstanding the other provisions of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise, including, without limitation, the dismissal of an action without prejudice, in defense of any action, suit or proceeding referred to in Section 4 hereof, or in defense of any claim, issue or matter therein, Indemnitee shall be indemnified against all expenses (including attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

Section 6. Indemnification for Expenses of a Witness. To the extent that Indemnitee is, by reason of Indemnitee's Corporate Status (as hereinafter defined), a witness in any proceeding, Indemnitee shall be indemnified by the Company against all expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

Section 7. Partial Indemnification. If Indemnitee is only partially successful in the defense, investigation, settlement or appeal of any action, suit, investigation or proceeding

described in Section 4 hereof, and as a result is not entitled under Section 5 hereof to indemnification by the Company for the total amount of the expenses (including attorneys' fees and disbursements), judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by Indemnitee, the Company shall nevertheless indemnify Indemnitee, as a matter of right pursuant to Section 5 hereof, to the extent Indemnitee has been partially successful.

Section 8. Determination of Entitlement to Indemnification. Upon written request by Indemnitee for indemnification pursuant to Section 3 or 4 hereof, the entitlement of the Indemnitee to indemnification pursuant to the terms of this Agreement shall be determined by the following Person or Persons who shall be empowered to make such determination: (a) the Board of Directors of the Company by a majority vote of the Disinterested Directors (as hereinafter defined) even if less than a quorum; or (b) if such vote is not obtainable or, even if obtainable, if such Disinterested Directors so direct by majority vote, by Independent Counsel (as hereinafter defined) in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee; or (c) by the stockholder or stockholders of the Company. Such Independent Counsel shall be selected by the Board of Directors and approved by Indemnitee. Upon failure of the Board to so select such Independent Counsel or upon failure of Indemnitee to so approve, such Independent Counsel shall be selected by the Chancellor of the State of Delaware or such other Person as such Chancellor shall designate to make such selection. Such determination of entitlement to indemnification shall be made not later than 60 days after receipt by the Company of a written request for indemnification. Such request shall include documentation or information which is necessary for such determination and which is reasonably available to Indemnitee. Any expenses (including attorneys' fees) incurred by Indemnitee in connection with Indemnitee's request for indemnification hereunder shall be borne by the Company. The Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom irrespective of the outcome of the determination of Indemnitee's entitlement to indemnification. If the Person making such determination shall determine that Indemnitee is entitled to indemnification as to part (but not all) of the application for indemnification, such Person shall reasonably prorate such partial indemnification among such claims, issues or matters.

Section 9. Presumptions and Effect of Certain Proceedings. The Secretary of the Company shall, promptly upon receipt of Indemnitee's request for indemnification, advise in writing the Board of Directors or such other Person or Persons empowered to make the determination as provided in Section 8 that Indemnitee has made such request for indemnification. Upon making such request for indemnification, Indemnitee shall be presumed to be entitled to indemnification hereunder and the Company shall have the burden of proof in the making of any determination contrary to such presumption. If the Person or Persons so empowered to make such determination shall have failed to make the requested indemnification within 60 days after receipt by the Company of such request, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be absolutely entitled to such indemnification, absent actual and material fraud in the request for indemnification. The termination of any action, suit, investigation or proceeding described in Section 3 or 4 hereof by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself: (a) create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, that

Indemnitee had reasonable cause to believe that his or her conduct was unlawful; or (b) otherwise adversely affect the rights of Indemnitee to indemnification except as may be provided herein.

Section 10. Advancement of Expenses. All reasonable expenses incurred by Indemnitee (including attorneys' fees, retainers and advances of disbursements required of Indemnitee) shall be paid by the Company in advance of the final disposition of such action, suit or proceeding, whether civil, criminal, administrative or investigative in nature, at the request of Indemnitee as soon as practical, and in any event within twenty days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time. Indemnitee's entitlement to such expenses shall include those incurred in connection with any proceeding by Indemnitee seeking an adjudication or award in arbitration pursuant to this Agreement. Such statement or statements shall reasonably evidence the expenses incurred by Indemnitee in connection therewith and shall include or be accompanied by an undertaking by or on behalf of Indemnitee to repay such amount if it is ultimately determined that Indemnitee is not entitled to be indemnified against such expenses and costs by the Company as provided by this Agreement or otherwise. The Company shall have the burden of proof in any determination under this Section 10. No amounts advanced hereunder shall be deemed an extension of credit by the Company to Indemnitee.

Section 11. Remedies of Indemnitee in Cases of Determination Not to Indemnify or to Advance Expenses. In the event that a determination is made that Indemnitee is not entitled to indemnification hereunder or if payment has not been timely made following a determination of entitlement to indemnification pursuant to Sections 8 and 9, or if expenses are not advanced pursuant to Section 10, Indemnitee shall be entitled to a final adjudication in the Delaware Court of Chancery, first, and then in any other court of competent jurisdiction of Indemnitee's entitlement to such indemnification or advance. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association, such award to be made within sixty days following the filing of the demand for arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration or any other claim. Such judicial proceeding or arbitration shall be made de novo and Indemnitee shall not be prejudiced by reason of a determination (if so made) that Indemnitee is not entitled to indemnification. If a determination is made or deemed to have been made pursuant to the terms of Section 8 or 9 hereof that Indemnitee is entitled to indemnification, the Company shall be bound by such determination and is precluded from asserting that such determination has not been made or that the procedure by which such determination was made is not valid, binding and enforceable. The Company further agrees to stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement and is precluded from making any assertion to the contrary. If the court or arbitrator shall determine that Indemnitee is entitled to any indemnification hereunder, the Company shall pay all reasonable expenses (including attorneys' fees and disbursements) actually incurred by Indemnitee in connection with such adjudication or award in arbitration (including, but not limited to, any appellate proceedings).

Section 12. Other Rights to Indemnification. The indemnification and advancement of expenses (including attorneys' fees) provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may now or in the future be entitled under any provision

of the by-laws, agreement, provision of the Certificate of Incorporation, as amended, vote of stockholders or Disinterested Directors, provision of law, or otherwise; provided, however, that this Agreement supersedes any other Agreement that has been entered into by the Company with the Indemnitee which has as its principal purpose the indemnification of Indemnitee; provided, further, that this Agreement does not supersede that certain Indemnification Agreement entered into on or about the date hereof between Indemnitee and Weatherford International Ltd., the ultimate parent company of the Company, it being the intention of the parties that Indemnitee shall be entitled to the indemnification provided under either or both agreements to the fullest extent permitted by law.

Section 13. Attorneys' Fees and Other Expenses To Enforce Agreement. In the event that Indemnitee is subject to or intervenes in any proceeding in which the validity or enforceability of this Agreement is at issue or seeks an adjudication or award in arbitration to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee, if Indemnitee prevails in whole or in part in such action, shall be entitled to recover from the Company and shall be indemnified by the Company against, any actual expenses for attorneys' fees and disbursements reasonably incurred by Indemnitee, provided that in bringing the advancement action, Indemnitee acted in good faith.

Section 14. Liability Insurance. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director or officer.

Section 15. Duration of Agreement. This Agreement shall apply with respect to Indemnitee's occupation of any of the position(s) described in Sections 3 and 4 of this Agreement prior to the date of this Agreement and with respect to all periods of such service after the date of this Agreement, even though the Indemnitee may have ceased to occupy such positions(s). This Agreement shall be binding upon the Company and its successors and assigns (including any transferee of all or substantially all of its assets and any successor by merger of operation of law) and shall inure to the benefit Indemnitee and Indemnitee's spouse, assigns, estate, heirs, devisees, executors, administrators or other legal representatives. This Agreement supersedes any prior indemnification arrangement between the Company (or its predecessor) and Indemnitee.

Section 16. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; (b) the court holding such provision or provisions to be invalid, illegal or unenforceable, or any other court of competent jurisdiction, shall be empowered upon the request of either party hereto to reform such provision or provisions to give effect as nearly as possible to the intent manifested by such provision or provisions to the fullest extent allowed by law, and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or

unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

Section 17. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 18. Headings. The headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 19. Definitions. For purposes of this Agreement:

(a) "Disinterested Director" shall mean a director of the Company who is not or was not a party to the action, suit, investigation or proceeding in respect of which indemnification is being sought by Indemnitee.

(b) "Independent Counsel" shall mean a law firm or a member of a law firm that neither is presently nor in the past five years has been retained to represent: (i) the Company or Indemnitee in any matter material to either such party, or (ii) any other party to the action, suit, investigation or proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any Person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's right to indemnification under this Agreement.

(c) "Corporate Status" shall mean the status of an individual who is or was a director, officer, employee, agent or fiduciary of the Company or any majority-owned subsidiary or of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such individual is or was serving at the request of the Company.

(d) "Person" shall mean an individual, corporation, association, trust, limited liability company, limited partnership, limited liability partnership, partnership, incorporated organization, other entity or group (as defined in Section 13(d)(3) of the Securities Exchange Act of 1934).

Section 20. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

Section 21. Notice by Indemnitee. (a) Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any matter which may be subject to

indemnification covered hereunder, either civil, criminal, administrative, investigative or otherwise, provided, however, that the failure to so notify the Company will not relieve the Company from any liability it may have to Indemnitee except to the extent that such failure materially prejudices the Company's ability to defend such claim. With respect to any such action, suit, proceeding, inquiry or investigation as to which Indemnitee notifies the Company of the commencement thereof:

(i) The Company will be entitled to participate therein at its own expense; and

(ii) Except as otherwise provided below, to the extent that it may wish, the Company jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof, with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election so to assume the defense thereof, the Company will not be liable to Indemnitee under this Agreement for any legal or other expenses subsequently incurred by Indemnitee in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ Indemnitee's own counsel in such action, suit, proceeding, inquiry or investigation, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of Indemnitee and not subject to indemnification hereunder unless (x) the employment of counsel by Indemnitee has been authorized by the Company; (y) in the reasonable opinion of counsel to Indemnitee there is or may be a conflict of interest between the Company and Indemnitee in the conduct of the defense of such action; or (z) the Company shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of counsel shall be at the expense of the Company.

(b) Neither the Company nor the Indemnitee shall settle any claim without the prior written consent of the other (which shall not be unreasonably withheld).

Section 22. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed or if (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(i) If to Indemnitee, to the address set forth below his or her signature.

(ii) If to the Company to:

Weatherford International, Inc. 515 Post Oak Park, Suite 600 Houston, Texas 77027-3415 Attn: Chief Executive Officer

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

Section 23. Governing Law. The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

Section 24. Payments in Ordinary Course of Business. All payments made by the Company to Indemnitee hereunder shall be deemed to have been made in the ordinary course of business of the Company, and shall not be deemed to be extraordinary payments.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

WEATHERFORD INTERNATIONAL, INC.

By: /s/ Burt M. Martin  
Name: Burt M. Martin  
Title: Senior Vice President

/s/ James M. Hudgins  
James M. Hudgins  
Address:  
515 Post Oak Boulevard, Suite 600  
Houston, Texas 77027

**WEATHERFORD INTERNATIONAL LTD.  
LIST OF SUBSIDIARIES AND AFFILIATES**

NAME	JURISDICTION
315613 Alberta Ltd.	Canada (Alberta)
708621 Alberta Ltd.	Canada (Alberta)
721260 Alberta Ltd.	Canada (Alberta)
A-1 Bit & Tool Co., B.V.	Netherlands
ACS Laboratories (NZ) Ltd.	New Zealand
ACS Laboratories (Thailand) Ltd.	Thailand
ACS Laboratories Pty. Ltd.	Australia
Advanced Syngas Technologies	Canada (Alberta)
Advantage R&D, Inc.	U.S.A. (Delaware)
Air Drilling Services de Venezuela, C.A.	Venezuela
Al Shaheen Well Services Company	Qatar
Algerian Oilfield Services S.p.A.	Algeria
Alpine Oil Services (Cyprus) Ltd.	Cyprus
Alpine Oil Services Inc.	U.S.A. (North Dakota)
Alpine Oil Services International Ltd.	Barbados
Ampscot Overseas Petroleum Equipment Co., LLC	Oman
AO Kompaniya Geofizicheskiye Issledovaniya Skvazhin	Kazakhstan
Applied Petroleum Technology (UK) Ltd.	U.K.
Applied Petroleum Technology A.S.	Norway
Aquatronic Limited	U.K. (Scotland)
Artex Bolivia S.A.	Bolivia
Artex S.A.	Argentina
Astec Developments Limited	U.K. (Scotland)
Atlas-GIP, S.A.	Romania
Auslog Pty. Ltd.	Australia
Australian Logging Services Pty. Ltd.	Australia
Australian Technical Solutions Pty. Ltd.	Australia
B. D. Kendle Engineering Limited	U.K. (England)
Bakke Oil Tools AS	Norway
Bakke Technology AS	Norway
BBL Downhole Tools Limited	U.K. (Scotland)
BEI, SAS	France
BFG Investments Ltd.	British Virgin Islands
Borets International Ltd.	British Virgin Islands
Brit Bit Limited	U.K. (Scotland)
Calumet Petroleum Services, S.A.	Venezuela
Canam Equipment Holdings, S.A. de C.V.	Mexico
Cardium International Limited	Hong Kong
Cardium Investments (Barbados) Limited	Barbados

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<b>NAME</b>	<b>JURISDICTION</b>
Cardium Tool International Limited	Barbados
Case Services, Inc.	U.S.A. (Texas)
Chemserv Products Inc.	Canada (Alberta)
Chengdu Minjiang Weatherford Petroleum Machinery Manufacture Co., Ltd.	China
CJSC "Aquatic"	Russia
CJSC "Aquatic-Samara"	Russia
CJSC "Neftemashvnedrenie"	Russia
CJSC Neftegazkomplektservice	Russia
Cleanmex Oil & Gas, S.A. de C.V.	Mexico
Clearwater International, L.L.C.	U.S.A. (Delaware)
Colombia Petroleum Services Corp.	U.S.A. (Delaware)
Columbia Oilfield Supply, Inc.	U.S.A. (Delaware)
Communication Rentals Limited	U.K. (Scotland)
Compañía Constructora Perforadora y de Estudios Geos, S.A. de C.V.	Mexico
Contra-Shear Separation Technologies Limited	New Zealand
CRC-Evans Automatic Welding, Inc.	U.S.A. (Texas)
CRC-Evans Holland B.V.	Netherlands
CRC-Evans Pipeline International (UK) Limited	U.K. (England)
CRC-Evans Services Limited	U.K. (England)
Crocker Data Processing Pty. Ltd.	Australia
CTC-Empresa Tecnica e Comercial de Equipamentos Ltda.	Brazil
D.L. Research Ltd.	Canada (Alberta)
Dailey de Venezuela, S.A.	Venezuela
Dailey IDS Limited	U.K. (Scotland)
Dailey International Sales Corporation	U.S.A. (Delaware)
Datalog Acquisition Cayman	Cayman Islands
Datalog Acquisition Corp.	U.S.A. (Delaware)
Datalog de Mexico S.A. de C.V.	Mexico
Datalog de Venezuela SA	Venezuela
Datalog Ecuador S.A.	Ecuador
Datalog Services de Petroleo do Brazil Ltda.	Brazil
Desert Asset Holdings Inc.	British Virgin Islands
Desert Rig Operations, Inc.	Cayman Islands
Design Engineering Limited	U.K. (Scotland)
Directional Wireline Engineering Services (Nigeria) Limited	Nigeria
Discovery Logging Inc.	U.S.A. (Texas)
Dongying Shengli-Highland Company Ltd.	China
Downhole Technology Limited	U.K. (Scotland)
Drilling Research & Development Corporation	U.S.A. (Texas)
DSK, Inc.	U.S.A. (Colorado)
e <sup>2</sup> Tech Limited	U.K. (England)
Eastern ACS Labs Private Ltd.	India
Edinburgh Petroleum Equipment Limited	U.K. (Scotland)
Edinburgh Petroleum Services Americas Incorporated	U.S.A. (Texas)
Edinburgh Petroleum Services de Mexico S.A. de C.V.	Mexico

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<b>NAME</b>	<b>JURISDICTION</b>
Edinburgh Petroleum Services de Venezuela, C.A.	Venezuela
Edinburgh Petroleum Services Limited	U.K. (Scotland)
EMI-ElettroMagnetica Ispezioni Italia S.r.l.	Italy
Emirates Link Reslab (El Reslab LLC) Limited Liability Company	U.A.E. (Abu Dhabi)
Energy Ventures (Cyprus) Ltd.	Cyprus
Energy Ventures Far East Limited	Hong Kong
Enterra (U.K.) Limited	U.K. (England)
Enterra International Limited	U.K. (England)
Enterra Oilfield Rentals Limited	Hong Kong
Enterra Patco Oilfield Products, Inc.	U.S.A. (Texas)
Enterra Rental and Fishing Company	U.S.A. (Delaware)
eProduction Solutions U.K. Ltd.	U.K. (Scotland)
eProduction Solutions, Inc.	U.S.A (Texas)
EPS Resources S.A. de C.V.	Mexico
European Material Inspection (EMI) B.V.	Netherlands
EVI (Barbados), SRL	Barbados
EVI de Venezuela, S.A.	Venezuela
EVI Weatherford, Inc.	U.S.A. (Delaware)
Expio Limited	U.K. (Scotland)
Fattah Limited Liability Company	Azerbaijan
Fishing Services Limited	U.K. (Scotland)
Fleet Cementers, Inc.	U.S.A. (Texas)
Foserco S.A.	Romania
G & E Consultants Ltd.	U.S.A. (Nevada)
Gabas Omni Petroleum Services Ltd.	Saudi Arabia
General Pipe Service Bolivia S.R.L.	Bolivia
Global Air Drilling Services Ltd.	Canada (Alberta)
Helix Equipment Leasing Limited	British Virgin Islands
High Pressure Integrity, Inc.	U.S.A. (Louisiana)
Houston Well Screen Asia Pte. Ltd.	Singapore
Houston Well Screen Company	U.S.A. (Texas)
Huellas Oilfield Equipment & Services, Inc.	U.S.A. (Delaware)
Hunter Road I GP, LLC	U.S.A. (Texas)
Hunter Road I, LP	U.S.A. (Texas)
Hunter Road II GP, LLC	U.S.A. (Texas)
Hunter Road II, LP	U.S.A. (Texas)
Hunter Road Medical Plaza Management, L.L.C.	U.S.A. (Texas)
Hunter Road Medical Plaza, L.P.	U.S.A. (Texas)
Hycal Energy Research Laboratories Ltd.	Canada (Alberta)
ICR Poliuretanos y Gomas S.A.	Chile
IL Services Sdn. Bhd.	Malaysia
ILI Acquisition Corp.	U.S.A. (Delaware)
ILI Artic Limited	Canada (Northwestern Territories)
ILI Technology Limited	U.K.
Independent Integrated Services Limited	U.K. (Scotland)

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NAME	JURISDICTION
Industrial Weatherford International de Chile S.A.	Chile
Integridad Mexicana del Norte, S. de R.L. de C.V.	Mexico
International Drilling & Integrated Services Ltd.	British Virgin Islands
International Logging (NZ), Inc.	U.S.A. (Nevada)
International Logging Canada Ltd.	Canada (New Brunswick)
International Logging do Brasil Ltda.	Brazil
International Logging Inc.	U.S.A. (California)
International Logging Japan, Inc.	U.S.A. (Nevada)
International Logging Mediterranean Services Ltd.	Cyprus
International Logging Netherlands B.V.	Netherlands
International Logging Oilfield Data Services Ltd.	Nigeria
International Logging Orogenics Sdn. Bhd.	Malaysia
International Logging Overseas Ltd.	Cayman Islands
International Logging S.A.	U.S.A. (Nevada)
International Logging Services Pte. Ltd.	Singapore
International Logging Technology Ltd.	U.K.
International Nitrogen Services L.L.C.	U.S.A. (Delaware)
International Petroleum Equipment Limited	U.K. (Scotland)
International Petroleum Equipment Norge A/S	Norway
International Petroleum Services, Inc.	U.S.A. (Delaware)
Iron Derrickman Ltd.	Canada (Calgary)
J.D. Investments Bonaire N.V.	Netherlands Antilles
Johnson Filtration Systems SAS	France
Johnson Screens (Australia) Pty Ltd.	Australia
Johnson Screens (India) Limited	India
Johnson Screens Japan Limited	Japan
Johnson Screens Ltda.	Brazil
Johnson Screens, Inc.	U.S.A. (Delaware)
Keltic Oil Tools Limited	U.K. (Scotland)
Kenting Drilling APS	Denmark
Key International Drilling Company Limited	Bermuda
Kobe International Ltd.	Bahamas
Kopp International Pipeline Services and Partners L.L.C.	Oman
Land Drilling Asset Holdings Inc.	British Virgin Islands
Linkbird Limited	Cyprus
LLC "Precision Energy Services"	Russia
LLC "Weatherford"	Russia
LLL "Techinformservice"	Russia
LLL"WFT Technologies"	Russia
McAllister Petroleum Services (Cyprus) Limited	Cyprus
MCC Chemicals (Middle East ) FZC	U.A.E. (Hamriyah FZ)
McMurry-Macco (UK) Limited	U.K. (England)
Meyer & Associates, S.A. de C.V.	Mexico
Mid-Europe Supply Limited	U.K. (Scotland)
Morrison McLean Associates Limited	U.K. (Scotland)

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NAME	JURISDICTION
Multi Operational Service Tankers Inc. (Panama)	Panama
Nahuelco S.A.	Argentina
Nahuelco S.A.	Chile
Offshore Rentals Deutschland GmbH	Germany
Offshore Rentals Limited	U.K. (Scotland)
Oil and Gas Equipment Sales, Inc.	U.S.A. (Texas)
Oil Field Rental Holdings Limited	U.K. (England)
Oilfield Machine Shop and Inspection Services Company	Algeria
OilPatch Enterprises Internacional, S.A. de C.V.	Mexico
Oilwell Production Services Limited	U.K. (Scotland)
Omni Laboratories de Venezuela, C.A.	Venezuela
Omni Laboratories do Brasil Limitada	Brazil
Omni Laboratories of Canada, Inc.	Canada (Nova Scotia)
Omni Laboratories of Trinidad Limited	Trinidad and Tobago
Omni Laboratories, Inc.	U.S.A. (Texas)
Orwell Group De Venezuela C.A.	Venezuela
Orwell Group Limited	U.K. (Scotland)
P.D. Drilling Holdings Inc.	Barbados
P.D. Technical Services Inc.	Barbados
PD Chicontepec, S. de R.L. de C.V.	Mexico
PD Global Employment Corporation	Canada (Alberta)
PD Holdings (USA) L.P.	U.S.A. (Delaware)
PD Holdings Mexicana S. de R.L. de C.V.	Mexico
PD International Leasing Inc.	Barbados
PD International Services Inc.	Canada (Alberta)
PD International, LLC	U.S.A. (Texas)
PD Mexicana, S. de R.L. de C.V.	Mexico
PD Oilfield Services Mexicana, S. de R.L. de C.V.	Mexico
PD Technical Services Mexicana, S. de R.L. de C.V.	Mexico
Petco Fishing & Rental Tools (UK) Limited	U.K. (Scotland)
Petroline WellSystems Limited	U.K. (Scotland)
Pipetest Service Sp.Zo.o	Poland
Polar Completions (U.S.) Inc.	U.S.A. (Delaware)
Powell Engineering Company Limited	U.K. (England)
Powerflo Rentals (Dubai) LLC	U.A.E.
Powerflo Rentals Limited	U.K. (Scotland)
Powerflo Rentals Norge A/S	Norway
Powerflo Systems Limited	U.K. (Scotland)
PowerGEN Rentals Limited	U.K. (Scotland)
Precision do Brasil Servicos de Energia Ltda.	Brazil
Precision Drilling (Cyprus) Limited	Cyprus
Precision Drilling (Egypt) LLC	Egypt
Precision Drilling de Venezuela Caracas, C.A.	Venezuela
Precision Drilling de Venezuela, C.A.	Venezuela
Precision Drilling GP, Inc.	U.S.A. (Delaware)

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NAME	JURISDICTION
Precision Drilling Holdings, Inc.	U.S.A. (Delaware)
Precision Drilling International B.V.	Netherlands
Precision Drilling LP, Inc.	U.S.A. (Delaware)
Precision Drilling Services (Australia) Pty. Ltd.	Australia
Precision Drilling Services (Malaysia) Sdn. Bhd.	Malaysia
Precision Drilling Services (Netherlands) B.V.	Netherlands
Precision Drilling Services (Thailand) Ltd.	Thailand
Precision Drilling Services (UK) Ltd.	U.K. (England)
Precision Drilling Services Algeria EURL	Algeria
Precision Drilling Services Argentina S.A.	Argentina
Precision Drilling Services M.E. W.L.L.	U.A.E. (Abu Dhabi)
Precision Drilling Services Saudi Arabia Company Limited	Saudi Arabia
Precision Drilling Technology Services Group (USA) Inc.	U.S.A. (Delaware)
Precision Energy International Ltd.	Canada (Alberta)
Precision Energy Services (Australia) Pty. Limited	Australia
Precision Energy Services (Barbados) Ltd.	Barbados
Precision Energy Services (BVI) Ltd.	British Virgin Islands
Precision Energy Services (Cyprus) Limited	Cyprus
Precision Energy Services (New Zealand) Limited	New Zealand
Precision Energy Services (Singapore) Pte. Ltd.	Singapore
Precision Energy Services Colombia Ltd.	Canada (Alberta)
Precision Energy Services Saudi Arabia Ltd.	Saudi Arabia
Precision Energy Services ULC	Canada (Alberta)
Precision Energy Services, Inc.	U.S.A. (Delaware)
Precision Holdings (UK) Limited	U.K. (England)
Precision Middle East Holding Ltd.	British Virgin Islands
Precision Oilfield Services, LLP	U.S.A. (Texas)
Precision Pacific Holding (BVI) Ltd.	British Virgin Islands
Precision USA Holdings, Inc.	U.S.A. (Delaware)
Premier Drilling de Mexico S. de R.L. de C.V.	Mexico
Project Management Services, S. de R.L. de C.V.	Mexico
PT Hawes Utama Indonesia	Indonesia
PT International Logging Indonesia	Indonesia
PT. Precision Energy Services (Indonesia)	Indonesia
PT. Weatherford Indonesia	Indonesia
PT. Wira Insani	Indonesia
Pump Rentals (International) Limited	U.K. (Scotland)
Pyrosul International Inc.	Canada (Alberta)
Quality Commissioning Limited	U.K. (Scotland)
Quality Machining Services Limited	U.K. (Scotland)
R.S.T. Projects Limited	U.K. (Scotland)
Reeves Oilfield Services Ltd.	U.K. (England)
Reeves Wireline Investments Limited	U.K. (England)
Reeves Wireline Services Limited	U.K. (England)
Reeves Wireline Services Limited u. Co. GmbH	Germany

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<b>NAME</b>	<b>JURISDICTION</b>
Reeves Wireline Technologies Limited	U.K. (England)
ResLab Integration AS	Norway
ResLab Malta Ltd.	Malta
ResLab North Africa Ltd.	Malta
ResLab Reservoir Laboratories & Company LLC	Oman
ResLab Reservoir Laboratories A.S.	Norway
ResLab Trinidad & Tobago S.A. de C.V.	Trinidad
ResLab UK Ltd.	United Kingdom
Richdear Holdings Limited	Cyprus
Rig Transport International (BVI) Ltd.	British Virgin Islands
Russell Oil Exploration Limited	U.K. (England)
Screenex Manufacturing (Proprietary) Limited	South Africa
Secure Drilling Holding Ltd.	Bermuda
Secure Drilling Holdings L.L.C.	Delaware
Secure Drilling International, L.P.	Bermuda
Secure Drilling, L.P.	Delaware
Servicios Avanzados de Perforacion, S. de R.L. de C.V.	Mexico
Servicios Petroleros Equipat S.A.	Argentina
SETAC S.A.	Chile
Seven Energy (Hong Kong) Limited	Hong Kong
Seven Energy LLC	U.S.A. (Delaware)
Sicom AS	Norway
Signa Engineering Corp.	U.S.A. (Texas)
Smart Stabilizer Systems Limited	U.K. (England)
Solintec Serviços de Petróleo Ltda.	Brazil
Specialty Testing & Consulting Ltd.	Canada (Alberta)
SPT-Synergic Petroleum Technologies S.A.	Argentina
Stealth Oil & Gas, Inc.	U.S.A. (Delaware)
Subsurface Technology AS	Norway
Sunbreeze Limited	Cyprus
Sunita Hydrocolloids Private Ltd.	India
Swelltech Operations Limited	U.K.
Swelltech Limited	U.K.
Synergic Petroleum Technologies S.A.	Argentina
Tank Rentals Limited	U.K. (Scotland)
Tech 21 Engineering Solutions Limited	U.K. (Scotland)
Tech Line Oil Tools, Inc.	U.S.A. (Delaware)
Techcorp Industries International, Inc.	Barbados
Teco Maskinering AS	Norway
Teress Properties Limited Liability Company	Azerbaijan
Tooke Rockies Inc.	U.S.A. (Wyoming)
TUBAFOR MAROC S.A.R.L.	Morocco
TubeFuse Applications LLC	U.S.A. (Delaware)
TubeFuse Technologies Limited	U.K. (England & Wales)
Tubetek Sdn. Bhd.	Brunei

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NAME	JURISDICTION
UnaChem Ltd.	British Virgin Islands
United Precision Drilling Company W.L.L.	Kuwait
Valkyrie Commissioning Services, Inc.	U.S.A. (Texas)
Van der Horst U.S.A., Inc.	U.S.A. (Delaware)
Visean Information Services Inc.	U.S.A. (Texas)
Visean Information Services Pty Ltd	Australia
V-Tech A.S.	Norway
V-Tech Services AS	Norway
Warrior Well Services, Inc.	U.S.A. (Illinois)
Weatherford (B) Sdn. Bhd.	Brunei
Weatherford (China) Energy Services Co., Ltd.	China
Weatherford (Cyprus) Limited	Cyprus
Weatherford (G.B.) LLP	U.K. (Scotland)
Weatherford (Malaysia) Sdn. Bhd.	Malaysia Jt. Venture
Weatherford (Nova Scotia) ULC	Canada (Nova Scotia)
Weatherford (Sichuan) Petrochemical Equipment Co., Ltd.	China
Weatherford Aarbakke AS	Norway
Weatherford Abu Dhabi, Ltd.	Cayman Islands
Weatherford Acquisition L.L.C.	U.S.A. (Delaware)
Weatherford Al-Rushaid Co. Ltd.	Saudi Arabia
Weatherford Angola Services (BVI) Ltd.	British Virgin Islands
Weatherford Angola Wellscreen Applications Ltd.	British Virgin Islands
Weatherford Angola, Limitada	Angola
Weatherford Artificial Lift Systems Canada Ltd.	Canada (Alberta)
Weatherford Artificial Lift Systems, Inc.	U.S.A. (Delaware)
Weatherford Asia Pacific Pte. Ltd.	Singapore
Weatherford Australia Holding Pty. Limited	Australia
Weatherford Australia Pty. Limited	Australia
Weatherford Azerbaijan Holdings (BVI) Ltd.	British Virgin Islands
Weatherford Bermuda Holdings Ltd.	Bermuda
Weatherford Bin Hamoodah L.L.C.	U.A.E. (Abu Dhabi)
Weatherford Canada Ltd.	Canada (Alberta)
Weatherford Canada Partnership	Canada (Alberta)
Weatherford Capital Management Services Limited Liability Company	Hungary
Weatherford Chisholm Trail Holding, LLC	U.S.A. (Texas)
Weatherford Colombia Ltd.	British Virgin Islands
Weatherford Completion Systems (UK) Limited	U.K. (Scotland)
Weatherford Completion Systems de Venezuela, S.A.	Venezuela
Weatherford de Mexico S.A. de C.V.	Mexico
Weatherford del Peru S.R.L.	Peru
Weatherford Deutsche Holding (Canada) ULC	Canada (Alberta)
Weatherford DIS Manufacturing (UK) Limited	U.K. (Scotland)
Weatherford Drilling and Production Services (India) Private Limited	India
Weatherford Drilling International (Australia) Pty. Ltd.	Australia
Weatherford Drilling International (BVI) Ltd.	British Virgin Islands

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NAME	JURISDICTION
Weatherford Drilling International (Oman) LLC	Oman
Weatherford Drilling International Bahrain W.L.L.	Bahrain
Weatherford Drilling International Holdings (BVI) Ltd.	British Virgin Islands
Weatherford East Europe Service GmbH	Germany
Weatherford Ecuador S.A.	Ecuador
Weatherford Energy Services GmbH	Germany
Weatherford Energy Services Hungary Limited Liability Company	Hungary
Weatherford Energy Services S. de R.L. de C.V.	Mexico
Weatherford Equipment (Cyprus) Limited	Cyprus
Weatherford Eurasia B.V.	Netherlands
Weatherford Eurasia Limited	U.K. (England)
Weatherford Financing (Cyprus) Limited	Cyprus
Weatherford Financing (Luxembourg) S.a.r.l.	Luxembourg
Weatherford France SAS	France
Weatherford Global Products Limited	Cyprus
Weatherford Holding (Gibraltar) Limited	Gibraltar
Weatherford Holding (Ireland) Company	Ireland
Weatherford Holding (Luxembourg) S.a.r.l.	Luxembourg
Weatherford Holding B.V.	Netherlands
Weatherford Holding GmbH	Germany
Weatherford Holding Middle East Ltd.	British Virgin Islands
Weatherford Holdings (Belgium) BVBA	Belgium
Weatherford Holdings (BVI) Ltd.	British Virgin Islands
Weatherford Holdings (Cyprus) Limited	Cyprus
Weatherford Holdings (Rus) LLC	Russia
Weatherford Holdings (Singapore) Pte. Ltd.	Singapore
Weatherford Holdings Mexico, S. de R.L. de C.V.	Mexico
Weatherford Holdings U.K. Ltd.	U.K. (Scotland)
Weatherford Hong Kong Holdings Limited	Hong Kong
Weatherford IDS USA, Inc.	U.S.A. (Delaware)
Weatherford Industria e Comercio Ltda.	Brazil
Weatherford Industrial Valves, L.L.C.	U.S.A. (Louisiana)
Weatherford International de Argentina S.A.	Argentina
Weatherford International Eastern Europe SRL	Romania
Weatherford International Holdings Pty. Ltd.	Australia
Weatherford International Ltd.	Switzerland
Weatherford International, Inc.	U.S.A. (Delaware)
Weatherford Investment (Gibraltar) Limited	Gibraltar
Weatherford Investment (Luxembourg) S.a.r.l.	Luxembourg
Weatherford Investments Holding B.V.	Netherlands
Weatherford Kazakhstan Limited Liability Partnership	Kazakhstan
Weatherford Kopp GmbH	Germany
Weatherford KSP Company Limited	Thailand
Weatherford Landslide Holdings, Inc.	U.S.A. (Delaware)
Weatherford Latin America, Inc.	Panama

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NAME	JURISDICTION
Weatherford Latin America, S.A.	Venezuela
Weatherford Limited Partner, L.L.C.	U.S.A. (Delaware)
Weatherford Liquidity Management Hungary Limited Liability Company	Hungary
Weatherford Luxembourg S.a.r.l.	Luxembourg
Weatherford Management, Inc.	U.S.A. (Delaware)
Weatherford Mauritius Holdings Ltd.	Mauritius
Weatherford ME Holdings Ltd.	British Virgin Islands
Weatherford Mediterranea S.p.A.	Italy
Weatherford New Zealand Limited	New Zealand
Weatherford Nigeria Limited	Nigeria
Weatherford Norge A/S	Norway
Weatherford North Atlantic Limited	Gibraltar
Weatherford O.R. Limited	U.K. (Scotland)
Weatherford Oil Tool GesmbH	Austria
Weatherford Oil Tool GmbH	Germany
Weatherford Oil Tool Middle East Limited	British Virgin Islands
Weatherford Oil Tool Nederland B.V.	Netherlands
Weatherford Oilfield Equipment (Tianjin) Limited	China
Weatherford Operations LLC	Uzbekistan
Weatherford Overseas Products, Ltd.	Cayman Islands
Weatherford Overseas Services, Ltd.	Cayman Islands
Weatherford Pipeline Services España, S.L.	Spain
Weatherford Product & Leasing (BVI) Limited	British Virgin Islands
Weatherford Saudi Arabia Ltd.	Saudi Arabia
Weatherford Services and Rentals Ltd.	British Virgin Islands
Weatherford Services, Ltd.	Bermuda
Weatherford Services, S.A.	Panama
Weatherford Solutions Sdn. Bhd.	Malaysia
Weatherford South America, Inc.	Panama
Weatherford Specialty Services de Mexico S.A. de C.V.	Mexico
Weatherford Specialty Services, Inc.	U.S.A. (Texas)
Weatherford Syngas Investments Ltd.	Canada (Alberta)
Weatherford Technical Services Limited	British Virgin Islands
Weatherford Trinidad Limited	Trinidad
Weatherford Tubefuse B.V.	Netherlands
Weatherford U.K. Limited	U.K. (England)
Weatherford U.S. Holdings, L.L.C.	U.S.A. (Delaware)
Weatherford U.S. Investment, LLC	U.S.A. (Delaware)
Weatherford U.S., L.P.	U.S.A. (Louisiana)
Weatherford Ukraine LLC	Ukraine
Weatherford Unidades de Bombeio Ltda.	Brazil
Weatherford Vietnam LLC	Vietnam
Weatherford Well Screen Ireland Limited	Ireland
Weatherford Switzerland Trading and Development GmbH	Switzerland
Weatherford/Lamb, Inc.	U.S.A. (Delaware)

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<b>NAME</b>	<b>JURISDICTION</b>
Wedge Wire Industria e Comercio de Filtros Ltda.	Brazil
WellCat Services International, LLC	U.S.A. (Texas)
Wellserv Limited	U.K. (Scotland)
WESP	Algeria
West Coast International Oilfield Rentals, B.V.	Netherlands
WEUS Holding, Inc.	U.S.A. (Delaware)
WFO S.A. de C.V.	Mexico
WI Products & Equipment, Inc.	Cayman Islands
WII Rental Company	U.S.A. (Delaware)
Wira Fishing Tools Sdn. Bhd.	Malaysia
WPA S.A. de C.V.	Mexico
WUS Holding, L.L.C.	U.S.A. (Delaware)
Zibo Hongyang Weatherford Oilfield Equipment Co. Ltd.	China
Zimec Ltda.	Brazil
Zonebrook Limited	Cyprus
Zonecrest Limited	Cyprus

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

Registration Statement Form S-3 (No. 333-150764) of Weatherford International Ltd.,

Registration Statement Form S-3 (No. 333-135244) of Weatherford International Ltd.,

Registration Statement Form S-4 (No. 333-146695-1) of Weatherford International, Inc. and Weatherford International Ltd.,

Registration Statement Form S-8 (No. 033-65790-99) pertaining to the Weatherford International, Inc. Executive Deferred Compensation Stock Ownership Plan,

Registration Statement Form S-8 (No. 033-64349-99) pertaining to the Weatherford International Ltd. Amended and Restated Non-Employee Director Stock Option Plan,

Registration Statement Form S-8 (No. 333-13531-99) pertaining to the Weatherford International, Inc. Executive Deferred Compensation Stock Ownership Plan; and Weatherford International, Inc. Foreign Executive Deferred Compensation Stock Plan,

Registration Statement Form S-8 (No. 333-36598-99) pertaining to the Weatherford International, Inc. 1998 Employee Stock Option Plan; Weatherford International, Inc. 401(k) Savings Plan; and Stock Option Agreements dated September 8, 1998 with Non-employee Directors,

Registration Statement Form S-8 (No. 333-48320-99) pertaining to the Weatherford International, Inc. 1998 Employee Stock Option Plan,

Registration Statement Form S-8 (No. 333-48322-99) pertaining to the Weatherford Stock Option Agreements dated July 5, 2000 with Non-Employee Directors,

Registration Statement Form S-8 (No. 333-53633-99) pertaining to the Weatherford International Ltd. Amended and Restated Non-Employee Director Stock Option Plan,

Registration Statement Form S-8 (No. 333-81678-99) pertaining to the Weatherford International, Inc. 1998 Employee Stock Option Plan,

Registration Statement Form S-8 (No. 333-81676-99) pertaining to the Stock Option Agreements dated September 26, 2001 with Non-Employee Directors of Weatherford International Ltd.,

Registration Statement Form S-8 (No. 333-112378) pertaining to the Weatherford International, Inc. Non-Employee Director Deferred Compensation Plan; Weatherford International, Inc. Foreign Executive Deferred Compensation Stock Plan; Weatherford International Ltd. Restricted Shares Plan; Weatherford International, Inc. 401(k) Savings Plan, and

Registration Statement Form S-8 (No. 333-134425) pertaining to the Weatherford International Ltd. 2006 Omnibus Incentive Plan;

of Weatherford International Ltd. of our reports dated February 24, 2009, with respect to the consolidated financial statements and schedule of Weatherford International Ltd., and the effectiveness of internal control over financial reporting of Weatherford International Ltd., included in this Annual Report (Form 10-K) for the year ended December 31, 2008.

/s/ Ernst & Young LLP

Houston, Texas February 24, 2009

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Bernard J. Duroc-Danner, certify that:

1. I have reviewed this annual report on Form 10-K of Weatherford International Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2009

/s/ Bernard J. Duroc-Danner  
Bernard J. Duroc-Danner  
Chief Executive Officer

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**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Andrew P. Becnel, certify that:

1. I have reviewed this annual report on Form 10-K of Weatherford International Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2009

/s/ Andrew P. Becnel

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Andrew P. Becnel  
Senior Vice President and Chief Financial  
Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Weatherford International Ltd. (the "Company") for the period ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bernard J. Duroc-Danner, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bernard J. Duroc-Danner

Name: Bernard J. Duroc-Danner

Title: Chief Executive Officer

Date: February 24, 2009

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The certification the registrant furnishes in this exhibit is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. Registration Statements or other documents filed with the Securities and Exchange Commission shall not incorporate this exhibit by reference, except as otherwise expressly stated in such filing.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Weatherford International Ltd. (the "Company") for the period ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andrew P. Becnel, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Andrew P. Becnel

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Name: Andrew P. Becnel  
Title: Senior Vice President and Chief  
Financial Officer  
Date: February 24, 2009

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The certification the registrant furnishes in this exhibit is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. Registration Statements or other documents filed with the Securities and Exchange Commission shall not incorporate this exhibit by reference, except as otherwise expressly stated in such filing.